MyStateLimited

Incorporating the requirements of Australian Prudential Standard 330

March 2019

Executive Summary

This document has been prepared by MyState Limited to meet the disclosure obligations set down under the Australian Prudential Regulation Authority (APRA) Australian Prudential Standard (APS) 330 Capital Adequacy: Public Disclosure of Prudential Information.

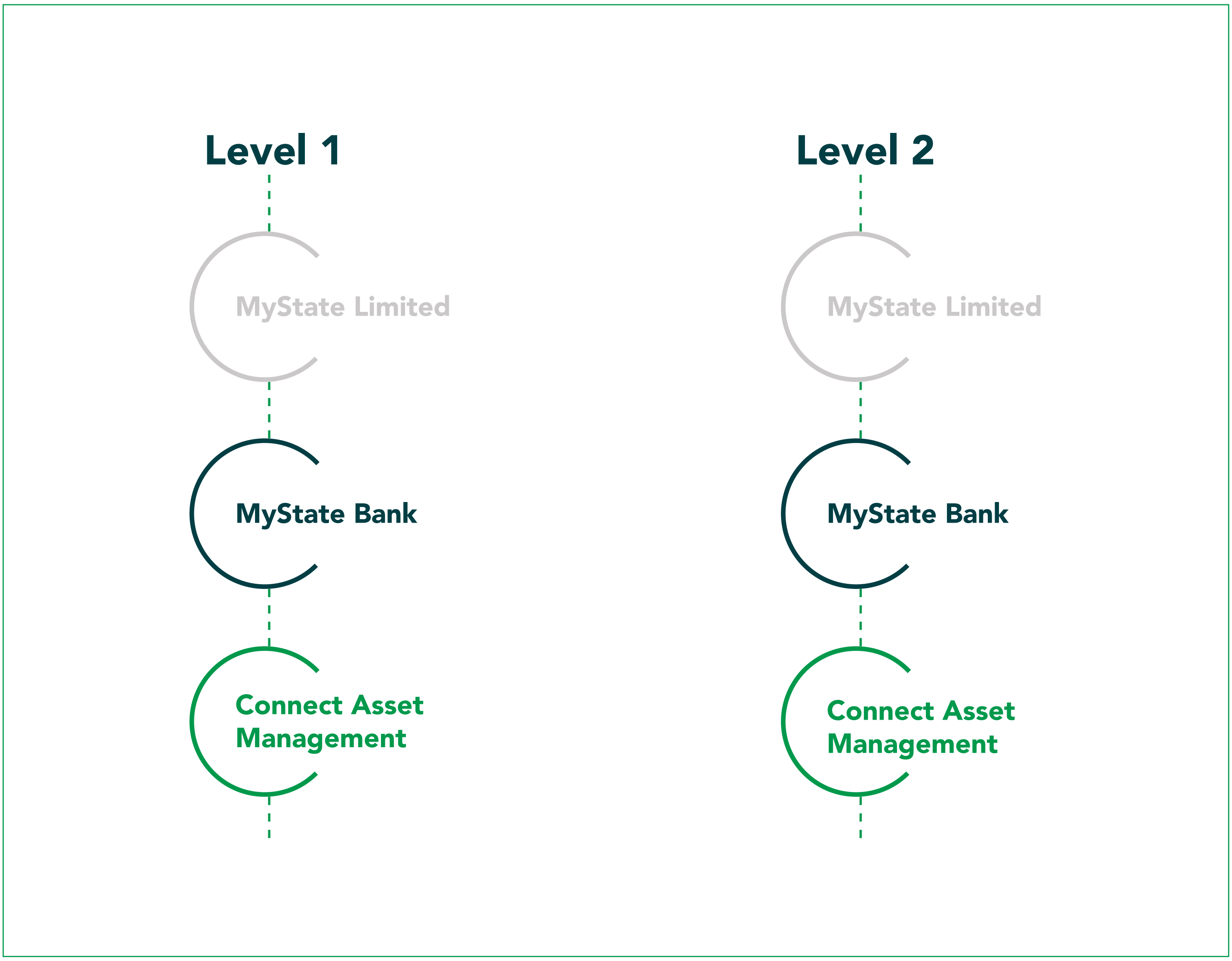
MyState Limited ('MyState') is a Tasmanian-based ASX listed diversified financial services company which operates two subsidiaries; MyState Bank and Tasmanian Perpetual Trustees – each are long established and highly respected brands.

MyState seeks to ensure that it is adequately capitalised at all times, both on a stand-alone (ADI) basis and group basis. APRA monitors MyState's capital adequacy by assessing the financial strength on two levels:

> **Level 1**, MyState Bank reports on a level 1 basis.
>
> **Level 2**, the wider MyState Limited prudential group which comprises MyState Limited (NOHC), MyState Bank (ADI), and Connect Asset Management (Securitisation program manager).

MyState Limited Group Structure

The following diagram shows the Level 1 and Level 2 conglomerate group and illustrates the different tiers of regulatory consolidation.



Accounting Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries, including all special purpose vehicles as well as Tasmanian Perpetual Trustees. Furthermore, MyState's investment in Tasmanian Perpetual Trustees is deducted from the level 2 regulatory consolidation.

Unconsolidated Entities

The following legal entities are included in the accounting scope of consolidation but are excluded from the regulatory scope of consolidation:

Securitisation Special Purpose Vehicles as at 31 March 2019

`	Total Assets ($m)	Total Liabilities ($m)
Conquest 2013-1 Trust	52.0	52.0
Conquest 2014-1 Trust	0.2	0.2
Conquest 2014-2 Trust	104.4	104.6
Conquest 2016-1Trust	384.9	385.6
Conquest 2016-2 Trust	165.3	165.6
Conquest 2017-1 Trust	236.8	236.9
Conquest 2018-1 Trust	295.9	295.6

Principal Activity

The trusts were established for the purpose of regulatory capital relief, via the issue of residential mortgage backed securities.

Wealth Management and Trustee Services as at 31 March 2019

	Total Assets ($m)	Total Liabilities ($m)
Tasmanian Perpetual Trustees Pty Ltd	26.1	3.2

Principal Activity

The Company acts as a Trustee Company in the State of Tasmania, with its activities encompassing those of trustee, executor, agent, fund manager and investment adviser.

Capital Adequacy

Capital Adequacy as at 31 March 2019

Reference	Item Description	Value ($m)
(a)	Capital Requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:	
	Claims secured by residential mortgage	1,387.0
	Other retail	75.1
	All other	135.9
	Capital Requirements (in terms of Risk Weighted Assets) for securitisation	0.3
(b)	Capital Requirements (in terms of risk weighted assets) for equity exposures in the IRB approach	N/A
(c)	Capital Requirements (in terms of risk weighted assets) for market risk	N/A
(d)	Capital Requirements (in terms of risk weighted assets) for operational risk	224.1
(e)	Capital Requirements (in terms of risk weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA-approved Australian-owned ADI's only)	N/A
(f)	Common Equity Tier 1, Tier 1 and total Capital Ratio for the consolidated regulatory group:	
	Common Equity Tier 1 for the regulatory group	10.86%
	Tier 1 Capital ratio for the regulatory group	10.86%
	Total Capital Ratio for the regulatory group	12.75%

Credit Risk by Portfolio

Credit Risk as at 31 March 2019

Reference	Item Description	March 2019 Quarter ($m)	December 2018 Quarter ($m)	Average ($m)
(a) (i)	Total gross credit risk exposures (excluding equity investments and securitisation exposures), plus average gross exposure over the period, broken down by major types of credit exposure:			
	Loans	**3,677.2**	**3,626.9**	**3,665.4**
	Housing	3,528.3	3,483.4	3,519.1
	Commercial	71.5	67.8	69.4
	Personal	77.3	75.8	77.0
	Debt Securities	**457.7**	**440.1**	**444.6**
	Commitments and off-balance sheet exposures[1]	**133.5**	**132.6**	**130.9**
	Other	**56.7**	**64.0**	**59.0**
(b) (i)	Amount of impaired facilities, by portfolio:			
	Housing	0.5	0.1	
	Commercial	-	-	
	Personal	0.5	0.3	
(ii)	Amount of past due facilities, by portfolio:			
	Housing	7.7	6.5	
	Commercial	0.1	0.5	
	Personal	0.3	0.3	
(iii)	Specific provisions, by portfolio:			
	Housing	0.8	0.8	
	Commercial	-	-	
	Personal	-	-	
(iv)	**Collective Provision Reconciliation**			
	Balance at beginning of period	**1.4**	**1.5**	
	Charge against impairment losses	0.1	0.2	
	Increase/(decrease) in provision	1.4	(0.2)	
	Bad debts written off	(0.6)	(0.5)	
	Bad debts recovered	0.7	0.4	
	Transfer to Specific Provision	0.0	-	
	Transfer from Specific Provision	-	-	
	Balance at end of period	**2.8**	**1.4**	
(v)	**Specific Provision Reconciliation**			
	Balance at beginning of period	**0.8**	**0.9**	
	Charged against impairment losses	0.0	0.1	
	Increase/(decrease) in provision	-	-	
	Impairment provision written off	-	-	
	Transfer to Collective Provision	-	-	
	Transfer from Collective Provision	-	-	
	Balance at end of period	**0.8**	**0.8**	
(c) (i)	The general reserve for credit losses			
	Balance at beginning of period	**4.4**	**4.4**	
	Balance at end of period	**2.8**[2]	**4.4**	

[1] Off Balance Sheet exposures have been converted into their credit equivalent amount.
[2] From 1 July 2018 onwards, the Group has applied a AASB 9 expected credit loss model. Pursuant to note 1 in the Statutory accounts, new impairment requirements have been applied prospectively from 1 July 2018, thus the movement in the general reserve for credit losses.

Securitisation Exposures

Securitisation Exposures as at 31 March 2019

Reference	Item Description	March 2019 Quarter ($m)	March 2019 Quarter ($m)
		Total exposures securitised	Recognised gain or loss on sale
(a)	Summary of current period's securitisation activity, including the total amount of exposures securitsed (by exposure type) and recognised gain or loss on sale by exposure type:		
	Residential Mortgage	163.4	-
		On Balance Sheet	Off Balance Sheet
(b)	Aggregate amount of total securitisation exposures retained or purchased:		
	Liquidity support facilities	-	1.4
	Derivative facilities	-	1,626.6
	Holdings of securites	462.7	-
	Other	-	-

Please note that the value securitised during the quarter of $163.4M is the net amount of loans securitised off balance sheet less loans moved to other securitisation vehicles.

MyStateLimited

Level 2, 137 Harrington Street
Hobart Tasmania 7000