2021

Annual Report

The human way to bank.

MyState Limited

Contents

MyStateLimited

Annual General Meeting

Virtual (online) AGM – Wednesday 20 October 2021 at 10.30am (AEDST). Due to the continuing uncertainty created by the COVID-19 pandemic, the Board has determined to hold an online Annual General Meeting (AGM) again this year. This approach will provide a safe environment for shareholders to participate in the meeting.

In response to COVID-19, the Australian Government has passed the *Treasury Law Amendments (2021 Measure No. 1) Act 2021* which allow notices of meeting and other information regarding the AGM to be provided to shareholders electronically and also released to the ASX where it can be viewed and downloaded.

This year our Notice of AGM will be published online at **mystatelimited.com.au** and released to the ASX on Friday 17 September 2021.

Corporate Governance

The Board of MyState Limited is committed to upholding the highest levels of corporate governance and subscribes to the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council in order to promote investor confidence in the company and within the broader market. In addition, the Australian Prudential Regulation Authority (APRA) requires MyState Limited, as the non-operating holding company of a bank, to comply with the prudential obligations that apply directly to the bank. To this end, the Board of MyState Limited has a governance framework whereby the appropriate Board policies, meeting the APRA prudential requirements, apply across the Group.

MyState Limited's Board-approved Corporate Governance Statement is available on the Company's website at **mystatelimited.com.au**

MyState Values

Create Customer 'WOW'

- We walk in our customers' shoes and appreciate their perspectives.
- We think and act in the best interest of our customers.
- We are clear, concise and trustworthy in our customer interactions.
- We design and deliver exceptional customer experiences, with a human touch.
- We make things simpler and easier for our customers.

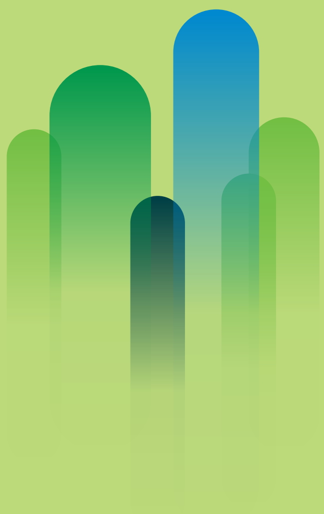
Chase the Better

- We are bold in our ambition.
- We seek out and embrace the change that is required to succeed.
- We have the courage to try new things and grow from our failures.
- We simplify (and digitise) to deliver exceptional customer experiences, with a human touch.
- We seek industry-leading productivity and always drive for better outcomes.

Collaborate to Win

- We care for each other, our customers, partners and community.
- We give our best, do the right thing, and trust our colleagues to do the same.
- We hold each other to account.
- We openly share information so that everyone can make informed decisions.
- We reach out across teams to rapidly solve problems – and celebrate our successes and learnings!

Key Highlights



Net profit after tax

+20.9%

from FY20

$36.3m

NPAT was supported by increased net interest income and active cost management.

Earnings per share

+19.2%

from FY20

39.2cps

A positive increase in EPS in line with NPAT growth.

Customer deposits

+13.2%

from FY20

$4.5b

Growth in customer deposits has been driven by the award-winning MyState Bank Bonus Saver Account. Home lending growth of 6.8% to $5.5b, equivalent to 1.3 times system growth.

Final dividend

13.0cps

The Directors have declared a fully franked final dividend of 13 cents per share. The dividend will be payable on 21 September 2021 to shareholders on the register at the record date of 26 August 2021.

Return on equity

+116bps

from FY20

10.3%

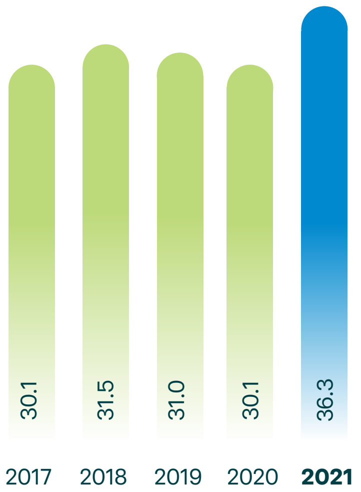
Significant growth in return on equity which compared favourably to other banks and is above regional bank peers.

Net promoter score

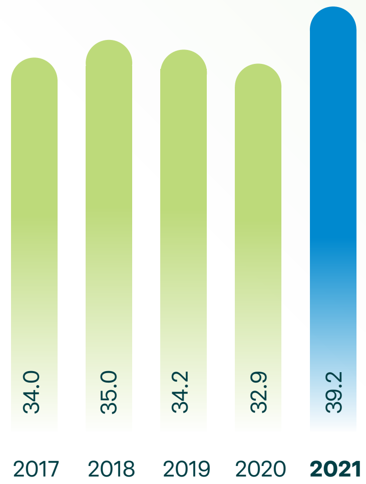
+47

MyState continues to record a high customer NPS, driving the strongest period of organic customer growth we have experienced.

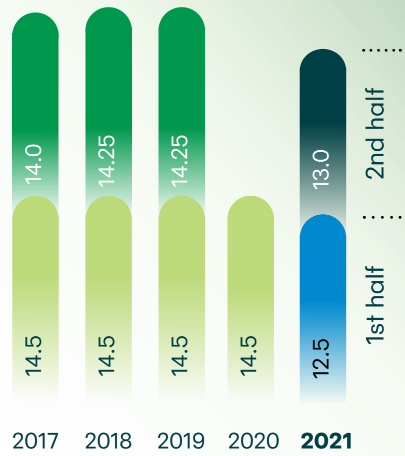
Group Performance



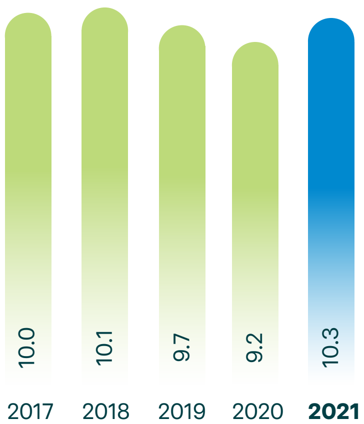
NPAT
($ million)



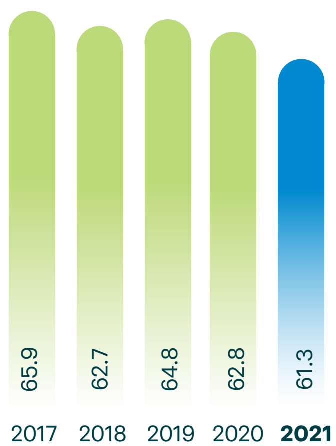
Earnings per share
(cents)



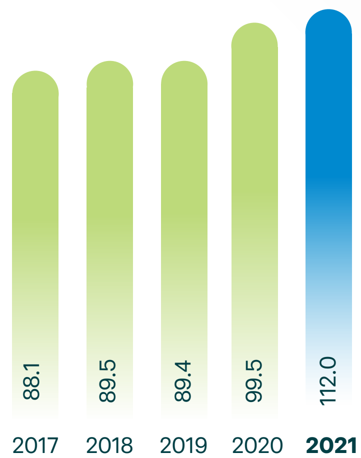
Dividends – fully franked per share
(cents)



Return on average equity (%)



Cost-to-income ratio[1] (%)



Net interest income
($ million)

(1) 2021 excludes restructure costs

Chairman's Report

Statutory net profit after tax for the 2021 financial year was up

20.9% to $36.3 million

and earnings per share increased

19.2% to 39.2 cents

The 2021 financial year was full of challenges but every step along the way the professionalism of our team has delivered appropriate and measured responses, effectively navigating the COVID operating conditions.

Our evolution as a digital bank that services a more geographically diverse customer base has continued and MyState Bank is well placed for further growth over the next few years.

The comprehensive re-working of its products, services and processes means that TPT Wealth is also well positioned for growth.

Operating performance

Statutory net profit after tax for the 2021 financial year was up 20.9% to $36.3 million and earnings per share increased 19.2% to 39.2 cents.

Core earnings (operating profit before restructure costs, bad and doubtful debts expense and income tax) increased 11.9% to $53.6 million.

The cost to income ratio (excluding restructure costs) fell by 153bps to 61.3% for the full year supported by gains from technology investments and careful management of operating expenses.

The contribution from MyState Bank was significantly improved, benefiting from lower cost of funds and also from a revised assessment of the potential impact of COVID-19 on our customers and the consequent release to profit of a proportion of the provisioning put in place in the 2020 financial year.

The total loan book grew 6.0% to $5.6 billion, and the home loan book enjoyed an above-system 6.8% increase. Customer deposits grew 13.2% over the prior year to reach $4.5 billion.

The contribution from TPT Wealth fell, in part reflecting reduced management fee income but also investments in the business to re-position for growth, but pleasingly funds under management (FUM) increased 3.4% for the full year to a total of $1.105 billion as at 30 June 2021.

Dividend and capital

In the 2020 financial year, the Board determined to not pay a final dividend to ensure a strong capital position given the challenges and uncertainties we faced due to COVID-19. It was pleasing that the Board was comfortable to resume dividend payments in March 2021 with an interim dividend of 12.5 cents per share and we have declared a final dividend of 13 cents per share payable in September 2021.

The dividend payout ratio at 69.3% remains comfortably inside the targeted range of 60-80%.

"Our evolution as a digital bank that services a more geographically diverse customer base has continued and MyState Bank is well placed for further growth over the next few years."

Growth strategy

Over the past few years, we have moved to position MyState Bank as a trusted and respected digital challenger brand with demonstrated capability in making financial things simpler for our customers. Since 30 June 2016, the MyState bank loan book has increased by a very commendable 45%.

And at TPT Wealth, we are part way through a re-positioning of the business to improve the customer experience and in the process target significant growth in FUM.

As part of a comprehensive review of our competitive position, the Board and Executive determined that there was an opportunity to accelerate the growth trajectory in both businesses. This will ensure that we will continue to be competitive and provide the services our customers expect while improving shareholder value.

Capital raise

It was in this context that the Board determined to undertake a significant capital raise that will facilitate growth while maintaining a strong capital position.

In May 2021, MyState raised $55.5m through a $24.2 million partially underwritten Entitlement Offer to eligible retail investors and a $31.3 million Placement and Entitlement Offer to existing and new institutional investors.

The support for the capital raise reflected investors endorsement of the growth strategy.

Looking forward

We have sought to position both MyState Bank, and more recently TPT Wealth, with market-leading products and services that reflect an increasingly digital world.

That focus will continue with ongoing refinements planned in the 2022 financial year.

The increased number of shares on issue will result in a modest decline in earnings per share in the 2022 financial year, but we expect that growth in earnings per share will resume in 2023 and beyond as we deliver the planned growth in both the MyState loan book and TPT Wealth FUM.

Retirement of Managing Director & CEO

In August 2021 Managing Director & CEO Melos Sulicich advised the Board of his intention to retire at the end of 2021. Mr Sulicich has been an inspirational leader, transforming the business, sharpening its focus, and creating a platform for sustained growth. The Board has commenced the process to find a new Managing Director.

Board changes

In June, the Board appointed Mr Stephen Davy as a Non-Executive Director, effective 1 July 2021. Formerly Chief Executive Officer and Managing Director of Hydro Tasmania, Mr Davy has also held senior executive roles at Hydro Tasmania, Eraring Energy, Societe Generale and Bankers Trust and started his banking career at Macquarie Bank.

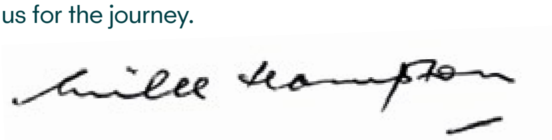
Acknowledgements

It has been an extraordinary effort from everyone in the MyState team in the last 12 months. Through challenging times, we have shown our resilience and ability to quickly pivot to continue servicing our customers under evolving conditions.

I particularly acknowledge the role of our Managing Director and CEO, Melos Sulicich, and the Executive who have provided exemplary leadership, not only ensuring we help our customers with their essential financial needs – in what for many were challenging circumstances, but also furthering the transition that has set the business so that we have the confidence to embark on a significantly sharper growth trajectory.

To my fellow directors, thank you for your commitment and wise counsel.

Finally, I'd like to thank you, our shareholders. The last financial year has seen us set up the base we need to truly become a digitally enabled multi-channel bank and wealth management business and I hope you'll stay with us for the journey.



Miles Hampton
Chairman

Managing Director's Report

Total loan book

$5.6 billion

Return on equity (ROE)

10.3%

Net interest income grew 12.5% to

$112 million

The year in review was a pivotal year for MyState. While operating conditions were volatile, we performed strongly. We supported and grew our customer base, increased our loan book, deposits and funds under management, and finalised our 2025 strategy that will see us targeting rapidly increasing customer numbers, deposits and lending at MyState Bank and funds under management at TPT Wealth.

It is the right strategy. The industry is in a very low growth environment and is still dealing with the challenges of significantly increased regulation. Key to succeeding in this environment is ensuring you are a trusted brand, being customer-centric and agile enough to service changing customer needs, being digitally enabled to scale appropriately, and having a strong balance sheet.

Our FY21 results show we are on the right track. We are investing in marketing and distribution to drive increased customer acquisition, increasing investment in digital innovation and managing operating expenses while maintaining a culture focused on delivering positive and intuitive customer experiences.

This focus, together with our recent capital raising, enables us to build on our current momentum and rapidly accelerate growth, creating value for shareholders. Our strategy will build on our strong financial position, demonstrated execution capability and leading customer net promoter score (NPS) to access growth opportunities from a geographically diverse customer base via an excellent digital offering.

Financial overview

The financial results for FY21 are very good – among the best for MyState.

Core earnings (operating profit before restructure costs, bad and doubtful debts expense and income tax) increased 11.9%. As the Chairman mentioned, our NPAT and EPS both enjoyed around 20% growth.

For the year to 30 June 2021, MyState achieved a return on equity (ROE) of 10.3%, up an impressive 116bps on 2020.

The growth in our total loan book to $5.6 billion, as well as our lower funding costs enabled our net interest income to grow 12.5% to $112 million. MyState also improved its net interest margin (NIM) by 10bps over 2020 to 196bps.

The higher NIM was underpinned by increasing customer deposits, favourable deposit interest rates and lower wholesale funding costs reflective of current liquidity conditions.

"Our FY21 results show we are on the right track. We are investing in marketing and distribution to drive increased customer acquisition, increasing investment in digital innovation and managing operating expenses while maintaining a culture focused on delivering positive and intuitive customer experiences."

Our accelerated home loan and retail deposit growth will continue, while maintaining a focus on asset quality. In 2021 our cost to income ratio (excluding restructure costs) fell by 153bps to 61.3%, and operating leverage will further improve as operational efficiencies flow through.

Accelerating home loan and retail deposit growth

In FY21, home loan applications increased 13% while settlements were up 23%. These results have delivered strong lending growth, despite an increasingly competitive home lending environment.

Our customer funding ratio increased from 69.1% to 73.4% in the last 12 months, allowing us to reduce wholesale and securitised funding from 30.9% to 26.6%, providing increased funding flexibility for the future.

Customer deposits grew 13.2% in the 12 months to June 2021. We now have a simpler business model and products. A good example is our award-winning MyState Bank Bonus Saver Account which achieved 319% growth during the year, driven by an active digital acquisition campaign.

Growth in these areas in 2021 has been led by customer acquisition – particularly younger customers.

TPT Wealth transformation now allows scale

TPT Wealth has seen huge change over the last two years. It is a longstanding institution that is trusted by a range of investors including charitable trusts, trustees of institutions and corporates and has good investor retention. Recently we moved from a face-to-face business model to a more typical funds management model with a greater focus on delivering services online.

Extensive investment in new fund and wealth management technology systems will enable the business to scale and support significant growth in funds under management. Easier application processes and smoother interactions enabled by digital enhancements are making it easier for customers to engage with TPT Wealth.

Customer experience

We remain very pleased with our customer engagement. In short, our customers trust us to assist them and be aligned with what they need. MyState staff seek to build relationships with customers, delivering a human way to bank, enabled by technology.

Our customer NPS, which finished the year at +47, is among the highest in the sector. It reflects our efforts to empower customers through digital services and care with a human touch.

Culture and community

Our culture has been driving these results. The Tasmanian community is an integral part of MyState's DNA, defining who MyState is, what we stand for, our attitude, tone and style.

While we have always been very customer-focused, we now have a culture of continuous improvement with the capacity to adapt to new challenges and meet our customers' evolving needs.

Community-wise it has been a big year. We continue our sponsorship of Football Tasmania, the MyState Bank Student Film Festival and we have just gained the naming rights for the biggest indoor entertainment and sporting facility in Tasmania – MyState Bank Arena.

I would like to thank our team for the way they adapted to continue to service our customers through the pandemic. Our ability to create a seamless work from home/office environment allowed us to provide flexibility and choice. And of course, our frontline staff who ensured we managed to keep our branches open at all times.

Looking ahead

While the banking environment is becoming even more competitive and will operate under increased regulation, MyState's 2025 strategy builds on our strong financial position and high NPS to scale via a strong digital and AI-enabled offering across all states from our heartland in Tasmania.

Building on the trust our customers place in us, we are well placed to continue to simplify financial services and make them more intuitive to use. We have built a culture that continually innovates and improves services to deliver accelerated growth, while maintaining current asset quality, targeting ROE and EPS increases over the medium term as capital is deployed, and creating value for shareholders and all our stakeholders.

This marks my final report to MyState shareholders as I retire at the end of December, after what will be seven and a half years with the organisation. I have thoroughly enjoyed my time at MyState and working with our wonderful staff, our fantastic customers and all the other stakeholders that bring the company together. The business is in a wonderful position to drive significant organic growth and I wish the company all the very best of success for the future.

Melos Sulicich
Managing Director and Chief Executive Officer

Our Strategy

Our ambition is to grow our share in deposits, lending and funds under management.

Our growth strategy is focused and bold. It builds on our strong financial position and high customer NPS to access specific growth opportunities in eastern seaboard markets, via a strong digital and AI-enabled offering.

Culture and capability

Drive a culture of customer centricity and execution excellence.

Customer experience and acquisition

Deliver a digital and intuitive customer experience by providing easy access banking and wealth services.

Operations

Simplify, digitise and automate processes and create value through productivity improvements.

Our PURPOSE
is to help people achieve their dreams

Our MISSION
is to create simple and trustworthy digital experiences for our customers

Distribution

A simple core product set distribution through expanded digital and third-party channels.

Enablers

Continuous improvements program driving innovation and process automation.

A strong and flexible capital position with robust risk culture.

Values

Create customer 'WOW'

Chase the better

Collaborate to win

We are executing the boldest strategy in our history with an overarching ambition to significantly accelerate growth in customer numbers, deposits, lending, and funds under management. The strategy will see us seeking to take advantage of our position as a respected and established digital challenger brand with demonstrated capability in making financial things simpler for our customers.

Enhanced by the capital raise announced in May 2021 and completed in June 2021, our strategy focuses on four main areas that underpin the whole business and for which you will see examples in the rest of this report:

- Culture and capability
- Customer experience and acquisition
- Enhanced distribution; and
- Operations productivity

Culture and capability

Having the right culture and capability is fundamental. We have invested in working with our people to develop three core values to position ourselves to execute the 2025 strategy:

'Create customer wow' where we are designing and delivering exceptional customer experiences with a human touch. We can do this because we think and act in the best interests of our customers, appreciate their perspectives and are clear and trustworthy.

'Chase the better' is being bold so we can embrace the change that is continually required to succeed and always drive better outcomes. We are simplifying and digitising to deliver things faster and more accurately.

'Collaborate to win' is about openly sharing information so we can collectively make informed decisions, caring for each other, our customers, and other stakeholders.

We have reduced the number of administration and process-oriented roles and increased staff numbers in customer facing, servicing, and marketing roles to cater for increasing customer numbers at the service levels they want – in order to create this ***'customer wow'***.

We are undertaking several programs to train and upskill staff, develop team capabilities and grow a company-wide culture of continuous improvement and innovation – ***'chase the better'***. This will attract new talent that promotes our growth objectives and enhances operational excellence focused on the value of ***'collaborate to win'***.

Our strategy is supported by a strong risk culture that is embedded into the values of MyState employees, with all employees now undertaking risk management training.

This allows us to stay true to our human approach to banking and wealth management, backed by a strong digital capability and enhanced by our customer-facing digital proposition.

Customer experience and acquisition

Our streamlined processes, developed from the outset to serve the needs of our customers, and data analytics are now helping us anticipate what customers want, allowing us to personalise our marketing more effectively.

Our new digital and intuitive customer experience provides easy and convenient access to all our banking and wealth services which we can now dramatically grow. And we are investing to replace our internet and mobile banking platform during the second half of FY22.

We are focused on increasing our national footprint through digital acquisition strategies aimed at sections of mainland Australia where we are seeing an influx of new customers. The success of our campaigns is becoming apparent and can be seen in the increasing geographic dispersion of our loan book.

However, we also back up these increased digital options with convenience for our customers through alternative channels such as phone banking and a traditional core branch network in Tasmania. That way we provide the human touch we're renowned for, which is represented by our excellent customer NPS and which separates us from most in the industry.

Enhanced distribution

This is where we provide additional ways to scale and support customer acquisition. We will continue to refine and simplify our core product set to ensure it remains relevant and meets the evolving needs of customers. We also ensure this product set is more efficiently distributed through expanded digital and third-party channels such as mortgage brokers, where trusted relationships and ability to service leads quickly are paramount.

By building on the technology platforms and associated infrastructure now in place and implementing strategies across these four main areas, we will continue to innovate to attract and retain the best staff and customers, ensuring access to simple, intuitive financial services.

Our transition to a digitally enabled bank and wealth management business is now seeing the investment of prior years to deliver improvements in customer growth, customer deposits, core earnings, and ROE and EPS increases over the medium term.

Our continued investments will ensure a world-class user experience, incorporating robotics functionality to develop efficiencies and scalability in our processes that will support the growth of the bank well into the future.

Operations productivity

This is the engine room. We are investing heavily in digital capabilities to automate and digitise back-end processes to make banking more convenient and seamless for customers, and faster and more efficient for us.

We're continually simplifying the business, products, and systems, allowing us to streamline operations and automate processes, which also allows us to increase productivity, manage costs efficiently and invest savings into our growth.

MyState Bank

The way we service our customers is almost unrecognisable from five years ago. Work over the last 12 months has seen us continue to transform into a digitally enabled bank built on a modern, scalable technology platform. We are on par with the best in the Australian market, providing our customers with the options of online, phone, internet, mobile or face-to-face banking, with a human touch.

This is backed up by upgraded systems and simpler, more agile processes that allow a high calibre team to dramatically improve our customer experience through greater efficiency, quality, and speed.

Geared for growth

We've delivered a platform that will allow us to scale. This year we started leveraging the platform to grow quickly through our focus on home loans and customer deposits.

During the year 17,000 new customers called MyState their bank – a 30% increase in one year. Tellingly, 93% of these new customers came through digital channels.

We continued to focus on low-risk, owner-occupied lending with a loan to valuation ratio of less than 80%, while also being a strong supporter of the First Home Loan Deposit Scheme.

Technology innovation and efficiency gains

MyState has invested heavily in digital banking capabilities to automate and digitise back-end processes to accelerate the processing of loan applications and provide a more seamless customer banking experience.

We have also introduced artificial intelligence (AI) in our back office to predict customer behaviour in our home loan book that is particular to a customer's circumstances. We now have over 30 robotics processes at work in our back office which together have improved customer wait times and accuracy and provide a platform for us to scale our operations.

We focus on delivering a consistently speedy time from application to approval for our customers and mortgage broker partners and have optimised back-end processes so we can deal with an increasing number of home loan applications.

This allows our staff to focus on the needs of customers rather than needing to devote time on the more administrative tasks.

During the year, 93% of our new customers were acquired digitally. Our e-statement levels have risen 24% in the last two years to 53% of all customers opting to receive their statements electronically – saving us time and money, being more convenient and allowing customers to receive their statements quicker, and doing our part to help save the environment.

Upgrades in infrastructure are now starting to pay off, with many customers enjoying the option of face-to-face, our customer care team and internet or mobile banking.

The restructure of our retail banking business led to significant savings. The closure of six branches and a re-organisation of the TPT Wealth business in the last financial year led to a $2.6 million restructure charge. The remaining seven branches located in Tasmania will support the longstanding loyal customer base. Savings from these initiatives are being reinvested into increased marketing and distribution capability to grow the business.

“MyState has invested heavily in digital banking capabilities to automate and digitise back-end processes to accelerate applications and provide a more seamless customer banking experience.“

MyState Bank app

MyState's mobile app is another example of our market-leading AI which now allows customers to gain insight into spending and saving habits, helping optimise costs and payments to help achieve their financial goals.

We're now investing in a new internet and mobile banking platform which is due for delivery in FY22.

Home loan diversification

As our loan book becomes more nationally representative, it reduces concentration risk, and we expect this trend to continue. We enhanced our distribution capability and capacity and increased our business development resourcing.

This transformation to be more digitally available through alternative channels, such as mobile apps and online allows us to fuel growth outside our traditional core branch network. Our reduction of physical branches has freed up resources, allowing us to focus on the branches we retained as well as building out the loan book nationally with new customer acquisitions.

Supporting our customers through the pandemic

While operating conditions throughout 2020 were uncertain, challenging times often bring out the best in people. The whole team at MyState came through the crisis well and focused on supporting customers to help them through the economic impact of the pandemic. We set up systems to help customers in need, including the ability to service individual cases appropriately.

We're also proud that all our branches remained open right through the pandemic and that we ensured all our staff could operate safely.

As at 30 June 2021, there were 35 customers remaining on some form of assistance (representing 0.2% of the total home loan portfolio – down from a peak of 10.9% a year before). With these improving conditions and more positive economic outlook, the forward-looking credit loss overlay has been reduced from $2.5 million as at 30 June 2020 to $1.5 million.

Following the more recent delta outbreak and subsequent lock-downs across mainland Australia, a total of 87 customers (representing 0.73% of the portfolio) had sought some form of assistance as at 31 August 2021. The majority of these customers are based in New South Wales and Victoria. We will continue to support impacted customers over the coming months.

"We are on par with the best in the Australian market, providing our customers with the options of online, phone, internet, mobile or face-to-face banking, with a human touch."

Brokers

The broker channel remains important for MyState to grow and scale as part of the 2025 strategy. We have created valuable relationship-based partnerships with brokers, building on the trust in our brand and our products.

Meeting evolving customer needs through multiple channels

Customers are becoming more digitally enabled. But what they really want is the convenience to deal with us when and how they choose. We have responded to these changing needs by redesigning customer journeys, using digital as an enabler, and refining products to focus on the things our customers want.

Our customers are moving to many digital channels. More than 50% of customers now use e-statements and over 71% of customers are now using internet and mobile banking.

However, our customer care team, based in Tasmania, is also key for those customers who still want or need to speak to people. A major system upgrade has allowed MyState to construct a leading support operation for customers when they call and allows for more efficient use of resources and intuitive and quicker outcomes for customers so they can get off the phone and on with their lives.

We received top customer satisfaction awards from Mozo and Canstar for our MyState Bank Bonus Saver Account and our MyState Bank Glide Account, which we use to drive deposit volume.

MyState has one of the highest net promoter scores (NPS) in the industry concluding the year at +47, demonstrating the bank's ability to empower customers through digital services and care with a human touch.

Marketing to the mainland from our strength in our heartland

Our commitment to increasing digital capabilities and use of automation has paid off as we have continued to build momentum in our marketing driven growth strategy with 93% of new customers now coming through digital channels. This has come from continued investment in capability, partnerships and building our brand.

Despite the significant growth, we have not lost sight of the importance of deepening our relationships with our customers. While we have strong brand presence in our home state of Tasmania, we have significantly expanded our marketing activities across Australia. This is all possible because of our trusted brand, award-winning products, and human touch.

Approach to Risk

Appropriate management of financial and non-financial risks is a key focus throughout the business and part of the platform upon which we've built our 2025 growth strategy.

We continue to invest in embedding risk awarness and management culture into the business. This year saw an improvement in our training programs, educating and alerting our staff to indicators of risk and potential threats to customers.

New and enhanced frameworks are ensuring risk is identified, managed, and mitigated quickly. We conduct regular reviews of risk frameworks to ensure we continue to meet our regulatory obligations, including the recommendations from the Royal Commission into Banking and Financial Services, and our purpose and mission to deliver the best outcomes for customers.

We believe this means aligning with the spirit of the law and how it affects people, rather than just ticking a compliance box. This approach has also been central to our coordinated COVID-19 response where we examine risk through a customer and employee perspective –ensuring the human service element remains central.

This year new risk management processes and systems were introduced, including use of robotics and automation to complete previously manual tasks, increasing scalability while improving risk management – this area is evolving, so agility is key. We also commenced initiatives in privacy, information safety, fraud detection and customer advocacy to support and protect our customers.

The Risk team upgraded reporting and analytics to provide insight into events that may impact the Group's risk appetite and ability to deliver strategic outcomes. This includes enhanced reporting and accountability through the introduction of Divisional Risk Management Committees. Using these insights, MyState is continually optimising processes and looking to refine and remain on top of risks to the bank and our customers.

MyState's risk profiling has been key to maintaining the quality of the loan portfolio growth of the last 12 months. The Bank's prudent lending practices helped us deliver an arrears outcome considerably below the benchmark of regional peers and the major banks.

"This year new risk management processes and systems were introduced, including use of robotics and automation to complete previously manual tasks, increasing scalability while improving risk management – which is always evolving, so this agility is key."

TPT Wealth

Our TPT Wealth business is replicating the transformational success of MyState Bank.

In FY21, we outsourced some investment functions, launched a new trustee services platform and changed our legacy commercial lending system.

These initiatives have enabled more synergies, allowing us to scale and support growth in funds under management as part of the 2025 strategy.

This year we have undertaken a shift to combine face-to-face transactional operations with a modern digital offering to our funds management business, with almost a third of our investors using our new digital portal.

With funds under management increasing during the year to $1.105 billion, driven by growth in our range of income funds, we began the task of updating our products to ensure we remain relevant for customers who seek regular income.

We received our first independently rated, high investment grade four star 'superior' rating from SQM Research for the TPT Fixed Term Fund. TPT Wealth is pursuing new ratings for the Long Term Fund and Select Mortgage Fund to allow further access to third-party distributors and wholesale markets and grow FUM.

Like the Bank, TPT Wealth is also increasing reach outside the heartland of Tasmania. The new technology platforms greatly enhance our distribution capability and capacity. This year we have begun to harness this by increasing our business development resourcing with new managers on the eastern seaboard, complementing our established operations now led by two corporate offices in Hobart and Launceston.

"We have undertaken a shift to combine face-to-face transactional operations with a modern digital offering to our funds management business, with almost a third of our investors now using our digital portal."

2021 ESG Snapshot

+47 customer net promotor score	$2.4m of community grants since 2001	Net trust score 86%	Compliance with Modern Slavery Act
46% women in leadership	53% of customers on e-statements	Helped new home buyers through the First Home Loan Deposit Scheme	Over 1,900 customers assisted during COVID

Our approach

As a proud Tasmanian company, we understand firsthand the importance of managing and balancing our environmental, social and governance impacts.

During FY21, as part of our updated 2025 strategy, the Board and Executive team reviewed and developed MyState's ESG roadmap. While we have previously reported aspects of our ESG practices, this year we revised our approach, which is now guided by evolving best practices and feedback from our stakeholders.

We conducted a materiality issues workshop where we identified key sustainability issues for MyState, captured stakeholder perspectives and prioritised a set of material topics that have guided our FY21 sustainability reporting.

Our policies and charters which support our ESG agenda can be found on the corporate governance page of the MyState Limited website at mystatelimited.com.au and include: Customer Charter, Code of Conduct, Diversity Policy, Human Rights Statement, Modern Slavery Statement and Supplier Code of Conduct.

How we listen

MyState's stakeholder groups include customers, investors, our people, communities, regulators, government and suppliers. In FY21, we captured the voice of our stakeholders through a number of formal and informal feedback methods.

Customers

- Face-to-face interaction in our branches
- Locally operated contact centre
- Online through our website, app, email
- Real time feedback from our customer advocacy survey
- Customer Advocate Office and external dispute resolution bodies
- Third party brokers

Shareholders, Analysis and Rating Agencies

- Regular briefings and meetings with investors and analysts
- Financial results and market presentations
- Credit rating agency reviews
- Annual General Meeting

Employees

- Internal communications channels – email, town hall meetings and face to face conversations
- Senior leadership forums
- Employee experience survey
- Workplace culture survey
- Employee consultation committees
- Annual risk culture survey

Communities

- Communications with our community partners
- MyState Foundation grant program
- Fundraising initiatives
- Partnerships for pathways to employment

Government and Regulators

- Meetings with regulators and government
- Participation in policy development through submissions to inquiries and reviews

Suppliers

- Regular meetings with suppliers
- Established supplier code of conduct and human rights statement
- Contract renewals, risk assessments and joint agreements

What matters the most

Our materiality assessment represents the ESG issues that matter the most to our organisation. Six key materiality issues using the Global Reporting Initiative as a guide were identified, validated and prioritised by MyState's ESG project group.

- Supporting customers
- Governance, conduct and culture
- Helping our people to be their best
- Digital enablement and data security
- Environmental sustainability
- Community investment

Supporting customers

Why is this important?

We can help customers achieve their dreams by making things easier, helping customers make good choices and putting things right if they go wrong.

NPS +47

Helped new home buyers through the FHLDS

17,000 new customers

Our mission is to create simple and trustworthy digital experiences for our customers. We care for our customers and continue to be there to assist them during COVID. We are one of the customer advocacy leaders in the sector with an NPS of +47.

We know customers are expecting more functionality from online and mobile banking. Our online banking system and AI-driven insights make it easy for customers to gain a better understanding of their spending and saving habits, helping them optimise costs and payments to achieve their financial goals.

Our trusted brand and high level of customer advocacy has seen 17,000 new customers join MyState in FY21.

In 2021 we participated in the federal government's First Home Loan Deposit Scheme (FHLDS), helping many new customers into their first home.

Governance, conduct & culture

Why are these important?

They are the foundations of conducting our business in an ethical, responsible and transparent way including driving the right behaviours that put the needs of stakeholders first.

Modern Slavery Statement

Our support for human rights begins with doing business in a way that respects the rights of people and prevents human rights abuses. In February 2021 we submitted our first Modern Slavery Statement which outlines the steps we are taking to minimise the risk of slavery and human trafficking in our supply chain. Our Modern Slavery Statement can be found on the MyState Limited website at mystatelimited.com.au

We uphold the highest levels of corporate governance and subscribe to the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. Our Corporate Governance Statement can be found on the MyState Limited website mystatelimited.com.au

In 2020, we conducted a self-assessment of our governance, culture, remuneration and accountability (GCRA) practices. This identified several strengths that we have developed and embedded in our operations and culture. Commensurate with the size and complexity of the Group, the GCRA assessment also identified some opportunities. As a result, in 2021 we continue to refine and improve our risk management practices and frameworks in the areas of accountability and remuneration with a focus on risk culture.

We regularly review our remuneration framework against the changing regulatory environment and market practice to attract and retain appropriately skilled staff and adhere to prudential standards. External advice is obtained as required.

The oversight of our remuneration framework is provided by the Board's Group People and Remuneration Committee.

Helping our people to be their best

Why is this important?

To drive a culture of customer centricity and execution excellence we rely on our people being at their best.

Workplace diversity

We continue to place a strong focus on increasing our diversity and inclusivity to provide equal opportunities and create a workplace that is fair, values differences, and promotes a sense of belonging. We have a three-year Board-approved Diversity Plan, with success monitored against Board-approved targets. In 2021, our programs focused on employee wellbeing and women in the workplace, with our flagship event celebrating International Women's Day featuring Layne Beachley. In 2021, 46% of all leadership roles were filled by women, 29% of the Board Directors are female, and 44% of the Executive team (direct reports to the CEO) are women.

We have a clear purpose and mission. In 2021, with the input of a cross section of people across our organisation, we refreshed our values – Create customer 'wow', Chase the better and Collaborate to win.

Create customer 'wow' is about walking in our customers' shoes and understanding their perspective. Chase the better is about being bold about our ambition and embracing the change required to succeed. Collaborate to win is giving our best and doing the right thing by each other, our customers, partners and the community.

We capture the voice of our people through culture and engagement surveys. We also hold our Belong forum which is our diversity and inclusion cooperative. Our workplace health and safety committee meets regularly to review how we work. We want to understand how our people are feeling, what has worked well and what areas can be improved.

During the 2020 COVID-19 lockdown, all our office and our customer care team staff worked remotely, communicating digitally with customers and colleagues with no loss in productivity and even some advancements. This has continued in 2021 with many of our people choosing flexible work arrangements.

We also provide a wellbeing program for our people so that they are engaged, productive and able to help us grow by assisting our customers through positive experiences.

Digital enablement and data security

Why are these important?

As a national digital bank, we must, change and evolve our systems and products to meet our customers' increasing expectations, keep their money safe and protect their data.

94% of transactions complete digitally

$809m in online customer deposits

MyState's 'human way to bank' is supported by our strong digital capability and enhanced customer-facing digital proposition.

We continue to evolve and develop our digital capabilities and use of automation. We have simplified our processes through the increasing use of robotics and were early adopters of the new payments platform (NPP) and digital wallets.

MyState's digital transformation has simplified our business and improved customer experience through greater efficiency, quality and speed.

We have responded to the changing needs of our customers by rationalising product portfolios and redesigning customer journeys and by using digital technologies we've industrialised core processes from end to end.

The improved resilience of our operations includes enhanced oversight of the services provided by our third-party providers as well as the continued enhancement of our cyber and information security.

Environmental sustainability

Why is this important?

It will help us transition to a low carbon economy.

84% of our fleet are hybrid vehicles

Hobart head office NABERS four star rated

As a Tasmanian founded and headquartered company, we are proud to have 90% of our operations in a state that is now 100% self-sufficient in renewable energy.

MyState acknowledges the increased dialogue from governments, policymakers and community about climate change. As part of the financial services sector, MyState has a role to play in assisting the transition to a lower carbon economy, through both the resources we utilise directly and through our financing activities.

To reduce MyState's carbon footprint, in 2020 we started replacing our fleet with hybrid vehicles as leases expired. In 2021, 84% of our fleet are now hybrid vehicles. Our head office in Hobart is a National Australian Built Environment Rating System (NABERS) four star rated property and more than 53% of our customers have opted for e-statements.

Community investment

Why is this important?

It will enable us to make a difference and support our communities.

MyState Bank Arena

When we set big goals we follow up with big actions, and in 2021 we announced our three year naming rights sponsorship of the Derwent Entertainment Centre which will be named the MyState Bank Arena. Once the upgrade is completed, it will become the heart of Tasmanian entertainment and sport, hosting major concerts and live performances, as well as becoming the home of the JackJumpers that will see the State re-enter the National Basketball League after a 25-year hiatus.

Through the MyState Foundation, which celebrates 20 years of giving in 2021, we help young people in Tasmania access opportunities by supporting a range of charitable programs and activities. Each year, grants of up to $10,000 are distributed to a number of eligible organisations. Since 2001 the MyState Foundation has granted over $2.4 million supporting close to 300 initiatives. These are a rich, diverse group of organisations and charities that are engaged in education or development projects for young people.

This year, with the added pressures from the COVID-19 pandemic, the MyState Foundation provided extra assistance to help charitable organisations meet day-to-day expenses and keep them operating. Through our internal giving program, staff also regularly donate to designated local charities and programs.

As an extension of our Football Tasmania sponsorship, MyState Bank has been announced as the new naming rights sponsor for Tasmania's Women's Super League and sponsorship of all of Tasmania's referees. With Tasmania boasting the highest female participation in the sport across Australia, MyState Bank's sponsorship will help grow football in Tasmania even further and contribute to reducing the gender divide in sport, enabling communities across the state to continue to enjoy football's vast array of health and social benefits.

Board of Directors

Miles Hampton

Chairman and Independent Non-Executive Director

BEc (Hons), FCPA, FAICD

MyState Bank Limited (Chair), TPT Wealth Ltd (Chair), MyState Community Foundation Limited

Group Nominations and Corporate Governance Committee (Chair), Group Risk Committee, Group Digital and Marketing Committee, Group Audit Committee, Group People and Remuneration Committee

Miles has been a Non-Executive Director since February 2009 and became Chairman in October 2013, and prior, a Director of Tasmanian Perpetual Trustees Limited (now TPT Wealth Ltd) from July 2006. He is the former Managing Director of ASX-listed Roberts Limited, a position he held from 1987 until 2006. He is the former Chairman of Forestry Tasmania, Hobart Water and TasWater and former Deputy Chairman of the Van Diemen's Land Company. Miles has served on the Boards of Ruralco Holdings Ltd, Australian Pharmaceutical Industries Ltd, Wentworth Holdings Ltd, Money3 Corporation Ltd, HMA Ltd, Gibsons Ltd and Impact Fertilisers Pty Ltd.

Melos Sulicich

Managing Director and Chief Executive Officer

BBus, GAICD, SA FIN

MyState Bank Limited, TPT Wealth Ltd, MyState Community Foundation Limited, Connect Asset Management Pty Ltd

Melos was appointed Managing Director and Chief Executive Officer in July 2014. He has extensive experience in a diverse range of businesses and industry sectors covering petrol retailing, financial services, industrial services, health care, transport and logistics. He is currently a Non-Executive Director of the Australian Banking Association Limited. From 2008 to 2013, he held the position of Chief Executive Officer of RAMS Financial Group, a subsidiary of Westpac. Prior to this, he held general management positions for companies including Spotless Group, Adsteam Marine, Mayne Group, Colonial Group Limited, Colonial UK Limited and the Shell Company of Australia.

Stephen Davy

Independent Non-Executive Director

BSc (Hons)

MyState Bank Limited, TPT Wealth Ltd

Group Risk Committee

Stephen was appointed as a Non-Executive Director in July 2021. He was formerly Chief Executive Officer and Director of Hydro Tasmania, a position he held from 2013 to 2020. Prior to that role he held senior executive roles at Hydro Tasmania, Eraring Energy, Societe General and Bankers Trust and started his banking career at Macquarie Bank. Stephen is also a Director at Shaw Contracting and at Volunteering Tasmania and has a senior role at UPC/AC Renewables Australia.

Robert Gordon

Independent Non-Executive Director

BSc, MIFA, MAICD, FAMI

MyState Bank Limited, TPT Wealth Ltd, MyState Community Foundation Limited (Chair)

Group Risk Committee (Chair), Group Nomination and Corporate Governance Committee, Group Digital and Marketing Committee

Robert has been a Non-Executive Director since February 2009 and prior, a Director of MyState Bank Limited, (previously connectfinancial), from July 1998. He is the current President of the Institute of Foresters of Australia (IFA) and Football Federation Tasmania and Chair of the Supported Affordable Accommodation Trust.

He is the former Managing Director of Forestry Tasmania and has previously served on the Board of a number of companies in the tourism, research and development, construction and infrastructure industries.

Sibylle Krieger

Independent Non-Executive Director
LLB (Hons), LLM, FAICD, MBA

MyState Bank Limited, TPT Wealth Ltd

Group People and Remuneration Committee (Chair), Group Risk Committee, Group Nominations and Corporate Governance Committee

Sibylle has been a Non-Executive Director since December 2016 and has over 35 years of broad commercial experience as a lawyer, economic regulator, company director and independent consultant with focus on heavily regulated sectors.

She was a partner in two large commercial law firms for 22 years and has over 15 years' experience as a Non-Executive Director. Sibylle is currently a Non-Executive Director of Openpay Group Limited (ASX:OPY) and AEMO Services Limited and has previously served as Chair of Xenith IP Group Limited (ASX:XIP) and as a Director of Sydney Ports Corporation, Allconnex Water, TasWater, Vector Limited (NZX:VCT), Alarcon Limited, the Australian Energy Market Operator Ltd, and a trustee of the Royal Botanic Gardens and Domain Trust and Sydney Grammar School.

Warren Lee

Independent Non-Executive Director
BCom, CA

MyState Bank Limited, TPT Wealth Ltd

Group Digital and Marketing Committee (Chair), Group Audit Committee, Group Risk Committee

Warren was appointed as a Non-Executive Director in October 2017. He has extensive experience in the international financial services industry, including 15 years at AXA in senior management positions within the company's Australian and Asian businesses.

Warren was previously the Chief Executive Officer of the Victorian Funds Management Corporation and Chief Executive Officer, Australia and New Zealand for AXA Asia Pacific Holdings Limited. He is currently a Non-Executive Director of Tower Limited, Go Hold Limited and MetLife Limited, and is a member of Chartered Accountants Australia and New Zealand.

Vaughn Richtor

Independent Non-Executive Director
BA (Hons), MAICD

MyState Bank Limited, TPT Wealth Ltd

Group Audit Committee, Group Risk Committee, Group People and Remuneration Committee, Group Digital and Marketing Committee

Vaughn was appointed as a Non-Executive Director in September 2019. He has held CEO roles in Asia and is the former CEO of ING DIRECT Australia and CEO Challenger and Growth Countries – Asia, ING Group after joining ING in London in 1991 as Deputy General Manager UK and Ireland. Vaughn is a Non-Executive Director of Rest Super and also a current adviser to both Rhizome and Spriggy. He is a prior Board member of TMB Bank in Thailand, ING Vysya Bank in India, Kookmin Group in Korea, and a Non-Executive Director, and later Chairman, of Ratesetter Australia. In addition, he writes and speaks extensively on leadership, corporate culture, customer centricity and digital banking.

Andrea Waters

Independent Non-Executive Director
BCom, FCA, GAICD

MyState Bank Limited, TPT Wealth Ltd

Group Audit Committee (Chair), Group Risk Committee

Andrea has been a Non-Executive Director since October 2017. She is an experienced Non-Executive Director, auditor and accountant with over 35 years' experience in financial services. She is a Fellow of Chartered Accountants Australia & New Zealand, and both a member and accredited facilitator of the Australian Institute of Company Directors.

She is a former partner with KPMG, specialising in financial services audit. Andrea is the Interim Chairman of Grant Thornton Australia Ltd and Director of Bennelong Funds Management Group, Citywide Service Solutions Pty Ltd, Colonial Foundation and Genworth Mortgage Insurance Australia Limited (ASX:GMA). Prior, she was a Director of The Lord Mayor's Charitable Foundation, Chartered Accountants Australia & New Zealand, Cancer Council Victoria, CareSuper and CashConverters International Limited (ASX:CCV).

Key Management Personnel

Huw Bough

General Manager, Banking
Appointed June 2021
DipFS(FP), DipF&MB, MAICD

Huw is the General Manager, Banking and has responsibility for the banking division which includes retail branches, call centre, business banking and the mortgage broker channel.

Huw has recently returned to MyState after two years having previously served for four years as the Group's General Manager Retail Banking, Business Banking and Broker. Most recently he consulted to Avant, helping establish a specialist JV for medical professionals. His prior roles include various general management positions at RAMS Financial Group and Westpac.

Gary Dickson

Chief Financial Officer
Appointed October 2019
BCom, MBA (Executive), FCA

As Chief Financial Officer, Gary is responsible for managing the finance, treasury, regulatory reporting, strategy and property functions for MyState. Gary is also a Director of Connect Asset Management Pty Ltd.

Gary has over 25 years of experience in a variety of financial roles, with 12 years of CFO experience. His most recent position was at ME Bank as CFO, where he drove strong growth in key financial metrics during his six-year tenure. Prior to this, Gary held the position of CFO for AXA Australia for five years. His prior financial services roles include senior positions with the Colonial First State Group, the Investments & Insurance Services division at Commonwealth Bank and Portfolio Partners Limited.

Alan Logan

General Manager, Wealth Management
Appointed August 2021
MBA, GAICD, AdDipFS

Alan is responsible for the strategic, financial and ongoing management of the MyState Limited Group's Wealth Management division, TPT Wealth Limited, which specialises in Asset Management and Trustee Services.

With over 25 years' experience in the financial services sector, Alan was previously the General Manager for Godfrey Pembroke and MLC Connect and prior to this, General Manager of ANZ Advice and Distribution and ANZ Financial Planning. He has also held roles with BT Funds Management, Sealcorp and National Mutual. Alan is also a Non-Executive Director for the Prior Family Foundation and Director, Royal Botanic Gardens Victoria Foundation.

Mandakini (Mandy) Khanna

Chief Risk Officer
Appointed December 2015
BCom, GAICD, FGIA

Mandy is responsible for the management of the financial and non-financial risks of the MyState Limited Group. Mandy and her team are responsible for strengthening risk culture and risk frameworks, building a culture of accountability and sharpening the focus on customer outcomes at MyState.

Mandy has over 20 years' experience in banking and retail financial and has held senior risk management positions in GE Capital across Asia Pacific. Prior to joining MyState, Mandy was the Chief Credit Officer for GE Capital in Asia Pacific.

Heather McGovern

General Manager, Digital and Marketing
Appointed March 2019
BA Comms

Heather is the General Manager, Digital and Marketing and has responsibility for the Group's digital, innovation, customer experience, brand and marketing divisions.

Heather has over 20 years' experience in digital and marketing roles within the financial services sector having worked with American Express, the Royal Bank of Canada, National Australia Bank and AIA Australia. Prior to joining MyState, Heather held the role of Chief Product & Marketing Officer with BankVic where she played a key role in the expansion of its digital offering. Her rich international career includes roles based in Italy and Canada as well as in Australia.

Paul Moss

General Manager, Technology, Operations and Product
Appointed May 2015
BEng (Hons)

As General Manager, Technology, Operations and Product, Paul is responsible for the strategic direction and delivery of MyState Limited Group's back office processing, technology and products.

Paul was previously a Director of IT Advisory at KPMG, following 11 years at Betfair in the UK and Australia as Director of Information Systems and Operations, focusing on strategy development, global infrastructure deployments and customer experience. Prior, Paul occupied technical leadership positions in UK-based investment banks.

Janelle Whittle

General Manager, People and Culture
Appointed January 2018
BCom, MHRM

Janelle has overall responsibility for MyState Limited Group's human resources function, including remuneration and benefits, health and safety, recruitment and employee relations.

People and Culture leads internal communications and has a key role in developing and fostering organisational culture and capability to support MyState's growth aspirations. Janelle has over 20 years' experience in human resource management across a number of industries including aquaculture, utilities and higher education. Her previous senior leadership positions in human resources include General Manager People and Culture at Aurora Energy, and Director Organisational Design and Change at the University of Tasmania.

Directors' Report

Your Directors present their report on **MyState Limited** for the year ended 30 June 2021.

Directors

- **Miles Hampton** BEc (Hons), FCPA, FAICD
  Chairman and independent Non-Executive Director.
- **Melos Sulicich** BBus, GAICD, SA FIN
  Managing Director and Chief Executive Officer - Executive Director.
- **Stephen Davy** BSc (Hons)
  Independent Non-Executive Director. (commenced 1 July 2021)
- **Robert Gordon** BSc, MIFA, MAICD, FAMI
  Independent Non-Executive Director.
- **Sibylle Krieger** LLB (Hons), LLM, FAICD, MBA
  Independent Non-Executive Director.
- **Warren Lee** BCom, CA
  Independent Non-Executive Director.
- **Vaughn Richtor** BA (Hons), MAICD
  Independent Non-Executive Director.
- **Andrea Waters** BCom, FCA, GAICD
  Independent Non-Executive Director.

Company Secretary

- **Scott Lukianenko** Ad Dip BMgmt, Grad Dip BA, GIA (Cert).

Principal activities

Banking Services

- Personal, residential and business banking
- Transactional, internet & mobile banking
- Savings and investments
- Insurance and other alliances

Trustee Services

- Estate planning
- Estate and trust administration
- Power of attorney
- Corporate trustee

Funds Management

- Managed fund investments

MyState Limited (MyState) provides banking, trustee and managed fund products and services through its wholly-owned subsidiaries MyState Bank Limited (MyState Bank) and TPT Wealth Limited (TPT Wealth).

There have been no significant changes in the nature of the principal activities of the Group during the year.

Dividends

In respect of the half year ended 31 December 2020, a fully franked dividend of 12.5 cents per share, amounting to $11.508m was paid on 16 March 2021.

The Directors have declared a fully franked final dividend of 13.0 cents per share. The dividend will be payable on 21 September 2021 to shareholders on the register at the record date of 26 August 2021, taking the final dividend for the full year to 25.5 cents per share.

Operating and financial review

Financial performance

The Group recorded a net profit after income tax for the year ended 30 June 2021 of $36.34m, an increase of 20.9% on the prior corresponding period (pcp) to 30 June 2020 of $30.06m.

Earnings per share increased by 19.2% to 39.18 cents per share (FY20: 32.86 cents per share) and return on equity increased 116bps to 10.32%, which compares favourably to other banks recently reported results and is well above regional bank peers.

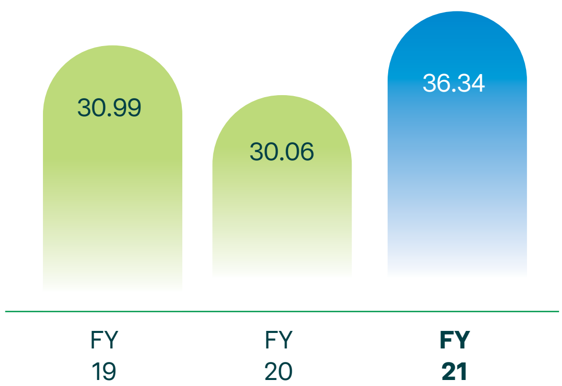
Pre-provision operating profit of $53.6m* increased 11.9% on pcp, driven by improved net interest income, up 12.5% to $112.0m, reflecting growth in lending assets and improved net interest margin (NIM), which increased 10bps on the pcp. The increase in NIM reflected significantly lower funding costs, driven by lower retail deposit and wholesale interest rates.

The loan book grew $320m or 6% during FY21 compared with $237m or 4.7% in FY20. The market for owner-occupied home loans remained very competitive during the period. Despite this, the home loan book grew $349m (6.8% or 1.3 times system) over the year.

With increasing numbers of customers choosing to transition to digital transactions both the banking and wealth businesses reduced their physical footprint through the closure of six branches (two in Tasmania and the remaining four in Central Queensland) and a consolidation of some properties across Tasmania. The cost of this restructure was approximately $2.6m with the resulting cost savings reinvested into growth-related initiatives.

Operating costs, excluding restructure costs, increased $3.9m or 4.9% driven by increased investment in capability, digitisation and marketing.

Group net profit after tax ($M)



Despite a period of significant change and the challenges presented by COVID-19, MyState's customer net promoter score was +47 at 30 June 2021. MyState's score remains among the leading financial services providers, and is significantly above most banking peers and reflects the close relationship we have with our existing customers.

TPT Wealth's earnings were well below the pcp. This in part reflected investment decisions as we reposition the business, but also reflected persistently low interest rates and the decision to reduce the management fee on the At Call Fund in order to support investor returns. Funds under management were marginally ahead of the previous year.

High credit quality maintained in FY21

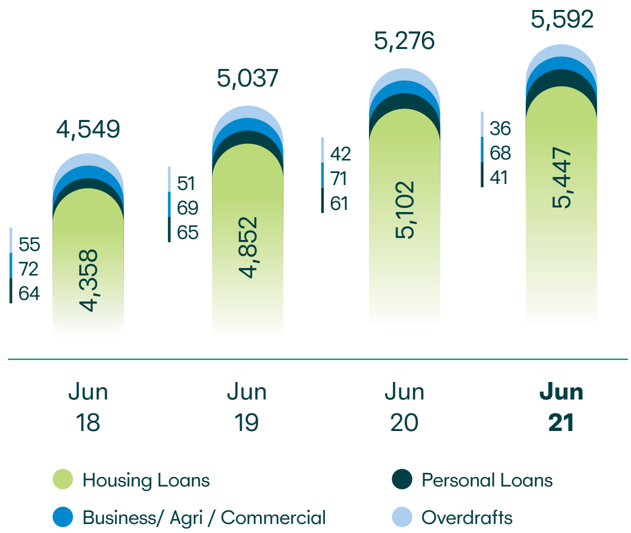
MyState Bank remains focused on low risk, owner occupied lending with a loan to valuation ratio of less than 80%.

The banking loan portfolio grew 6% on pcp, reaching $5,592 million at 30 June 2021.

Impairment expense was $5.9m lower with the prior period expense reflecting in part the increase in 90+ days arrears at 30 June 2020, but principally a significant increase in the forward looking economic overlay in response to the uncertainty created by the COVID-19 pandemic. The current period write-back was a result of reduced arrears due to the improved economic outlook, in particular for unemployment and house prices.

Thirty and 90 day arrears remain below industry benchmarks at 0.55% and 0.24% respectively (30 June 2020: 0.61% and 0.35%).

Total book composition ($M)



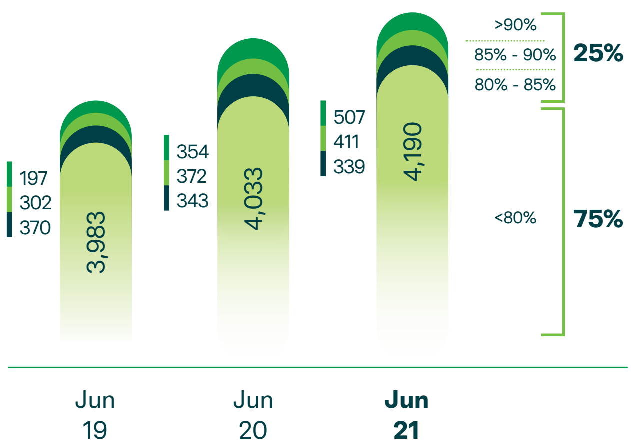
1 Excludes capitalised origination costs

*Pre-provision operating profit is defined as profit before impairment expense / (recovery), restructure costs and income tax expense.

Exposure to investor and interest only lending remains low.

The increase in loans with a loan-to-valuation (LVR) greater than 90% since FY19 reflects the success of the Bank's participation in the Federal Government's First Home Loan Deposit Scheme (FHLDS), which is all owner occupied. The FHLDS is an Australian Government initiative to support eligible customers to purchase their first home sooner with as little as a 5% deposit. The National Housing Finance and Investment Corporation provides a guarantee of up to a maximum amount of 15% of the value of a property (as assessed by MyState) purchased under the scheme.

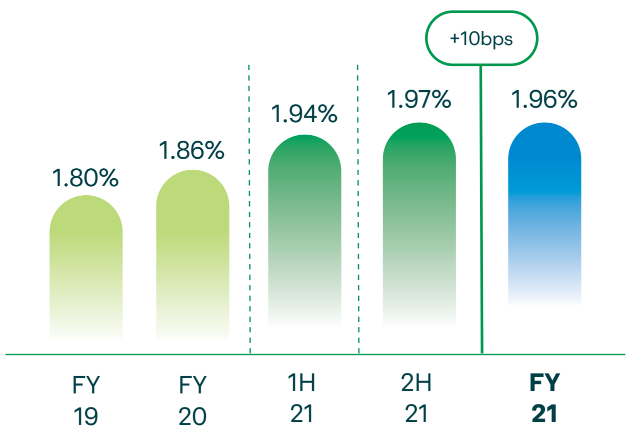
Home loan book - LVR profile ($M)



Net interest margin expansion

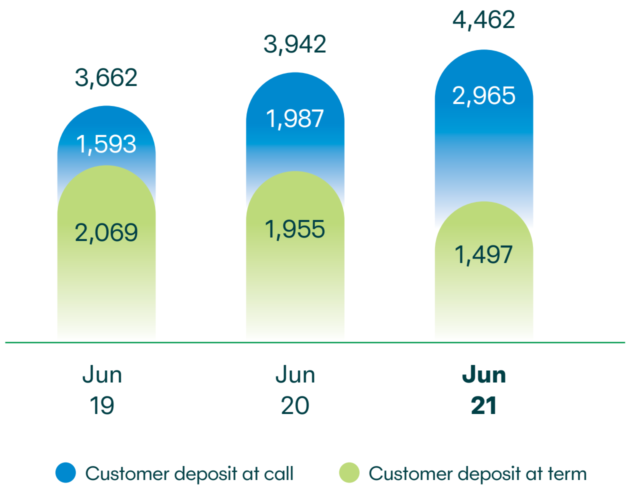
Net interest income benefited from significantly lower funding costs, with total interest expense falling 41.4% on the pcp, while interest income fell by just 12.7%. Net interest margin (NIM) increased 10bps on the pcp to 1.96%.

NIM trend



Customer deposits increased by 13% in the period driven by significant growth in the award-winning Bonus Saver Account with the majority of customers acquired via digital and online channels. Importantly, our online originated deposit portfolio grew from $274m to $809m (195%) during the year. MyState Bank's reliance on securitisation funding reduced during the year as a result of the increase in customer deposits.

Customer deposits ($M)



Non-interest income from banking activities

Non-interest income from banking activities continued to trend lower (by $0.75m or 5.5% on the pcp) reflecting the increased uptake of digital products and preferences for lower cost self-serve functionality.

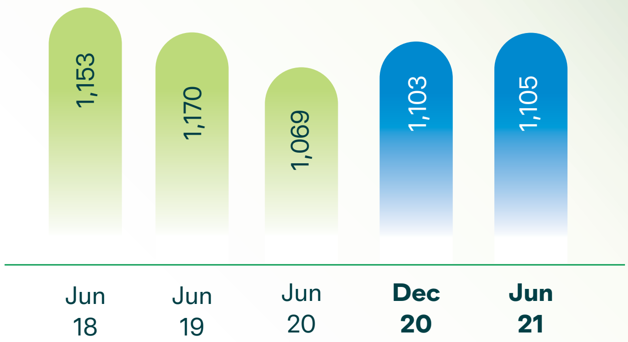
TPT Wealth

From a financial perspective, TPT Wealth had a disappointing year. Income from wealth management activities was $2.21m or 14% lower than the pcp, driven by lower fees from trustee-related services and management fees.

Significant restructuring initiatives were undertaken in TPT Wealth over the past 18 months with fund administration and fund accounting outsourced, investment management for TPT Wealth's growth funds outsourced, and TPT Wealth's core lending and trustee systems replaced.

In June 2021, the Fixed Term Fund was awarded a 4 star rating from SQM Research, which is expected to help increase inflows into the fund from retail investors.

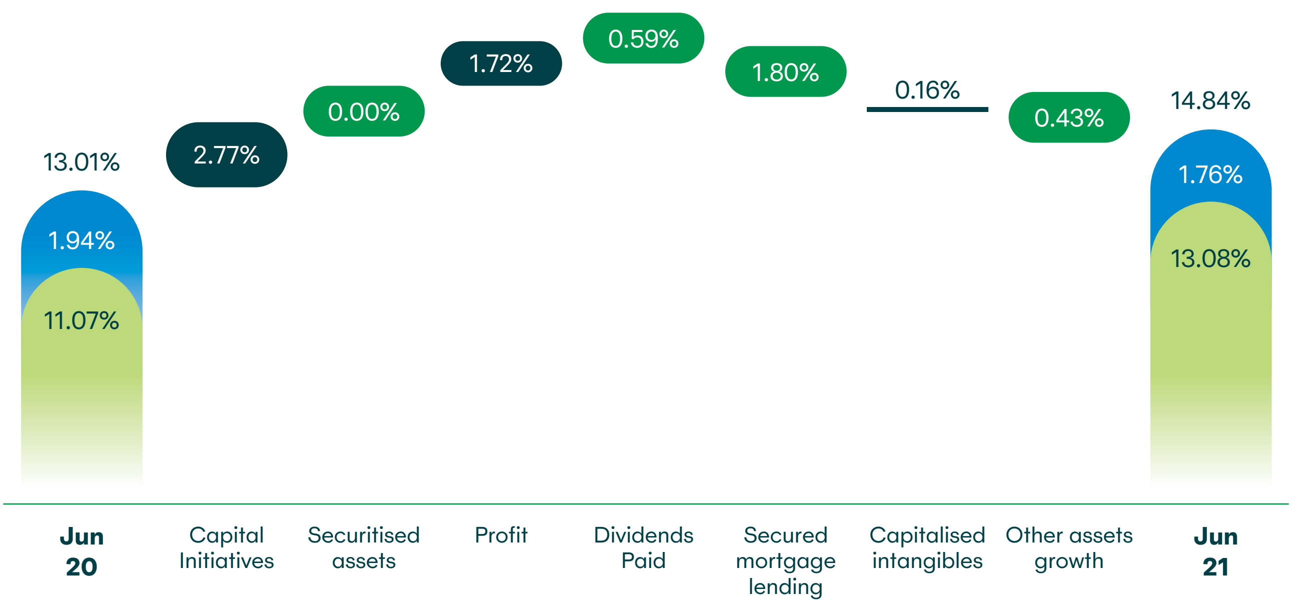
Funds under management ($M)



Strong capital position

The Group has maintained a strong capital position with all capital ratios comfortably above regulatory minimums. The Group's total capital ratio increased 183bps in the period to 14.84% at 30 June 2021 and the Group's Common Equity Tier 1 ratio improved by 201bps.

The strong capital position was bolstered by the raising of $55.5 million in June through the issue of 12,903,075 shares at $4.30 each to existing retail and existing and new institutional shareholders.

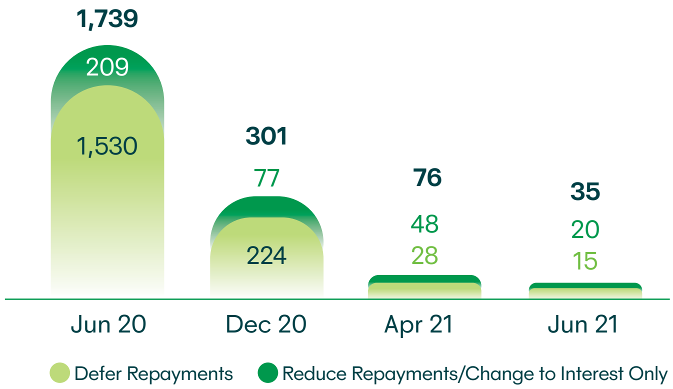


COVID-19 assistance to customers

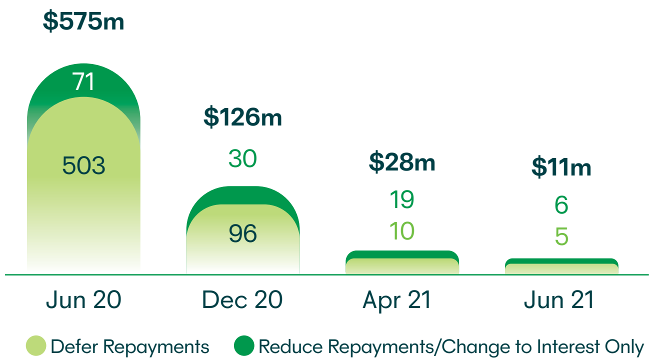
Following the onset of the COVID-19 global pandemic, MyState Bank has supported over 1,900 customers through a range of measures including loan deferrals, moving customers to interest only loans or by reducing minimum monthly repayments. At 30 June 2021, approximately 35 customers remain on some form of assistance representing 0.2% of total home loan balances (down from a peak of 10.9% in June 2020).

While the Australian economy has performed more strongly than expected over the past year, with strong house price growth and declining unemployment levels, the ongoing disruption caused by the pandemic is expected to continue to impact on economic activity. The fiscal support provided by both state and federal governments is welcomed and MyState Bank will continue to support impacted customers over the coming months. MyState did not receive any direct support such as JobKeeper during the period.

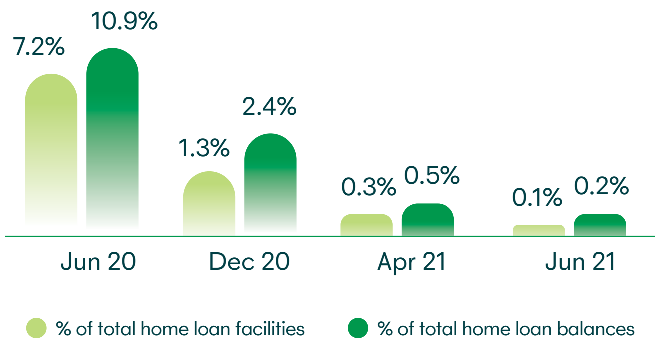
Total loans with assistance (facilities, no.)



Total loans with assistance (balances, $M)



Home lending assistance



Community

MyState seeks to make a genuine difference to our customers and the communities within which we operate. Since 2001, the MyState Foundation has awarded more than $2.4 million in grants to help more than 90 not-for-profit organisations in Tasmania with a focus on empowering youth.

Retirement of Managing Director

In early August 2021, we announced that Managing Director and CEO Melos Sulicich had advised the Board that he intended to retire on 31 December 2021.

Melos had resigned in January 2020, but subsequently withdrew his resignation at the request of the Board and agreed to stay on until at least September 2021 to guide the company through the impact of COVID-19 on the business.

Melos has done a great job transforming MyState into a highly scalable, modern challenger bank and wealth management business and we acknowledge the leadership that he has provided.

We are sorry to lose him and have greatly appreciated his preparedness to stay on and see us through the impacts of COVID-19.

The Board has commenced the process to find a new Managing Director and CEO.

Outlook

The Board has endorsed a plan to accelerate the growth in lending at MyState Bank and non-bank lending at TPT Wealth.

The economy, and in particular employment, is proving resilient and the Board remain comfortable with the level of credit loss provisioning, even with the recent disruptions to parts of the economy caused by recent COVID-19 outbreaks and consequent lockdowns in parts of the economy.

At MyState Bank, we expect to achieve strong growth in lending assets while maintaining a high level of credit quality and cost discipline. The business also expects to realise the benefits from recent restructuring activity and investment in its digital capabilities, distribution and marketing to grow the customer base nationally, while maintaining a strong risk culture to manage the risks associated with an uncertain, but improving economic environment.

At TPT Wealth we expect to grow FUM and non-bank lending and to also benefit from the transformation of the business over recent years.

The recent capital raise will likely dilute earnings per share growth in the short term but in the medium term we expect to see gains in both EPS and ROE.

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 39 and forms part of the Directors' Report for the year ended 30 June 2021.

Rounding of amounts

In accordance with applicable financial reporting regulations and current industry practices, amounts in this report have been rounded-off to the nearest one thousand dollars, unless otherwise stated. Any discrepancies between totals and sums of components in charts contained in this report are due to rounding.

Events subsequent to balance date

In the opinion of the Directors, there has not arisen, in the period between the end of the financial year and the date of this report, any other material item, transaction or event that is likely to significantly affect the operations of the Group.

Environmental regulation

The Company is not subject to significant environmental regulation.

Directors' meetings

The number of meetings of Directors (including meetings of the committees of Directors) held during the year and the number of meetings attended by each director are as indicated in the following table:

A – Number of meetings attended.

B – Number of meetings eligible to attend.

MYS Directors	MYS Board Meetings		Group Audit Commitee		Group People & Remuneration Committee		Group Risk Committee		Group Nominations & Corporate Governance Committee		Group Digital & Marketing Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
R Gordon	11	11	n/a	n/a	n/a	n/a	6	6	5	5	4	4
M Hampton	11	11	4	4	5	5	6	6	5	5	4	4
S Krieger	11	11	n/a	n/a	5	5	6	6	5	5	n/a	n/a
W Lee	11	11	4	4	n/a	n/a	6	6	n/a	n/a	4	4
V Richtor	11	11	4	4	5	5	6	6	n/a	n/a	4	4
M Sulicich	11	11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A Waters	11	11	4	4	n/a	n/a	6	6	n/a	n/a	n/a	n/a

Indemnification and insurance of Directors and Officers

The Company has paid, or agreed to pay, a premium in relation to a contract insuring the Directors and Officers listed in this report against those liabilities for which insurance is permitted under section 199B of the *Corporations Act 2001*.

The Company has not otherwise, during or since the relevant period, indemnified or agreed to indemnify an Officer or Auditor of the Company or of any related body corporate against a liability incurred as such an Officer or Auditor.

Non-audit services

During the year, Wise Lord & Ferguson, the Company's auditor, has performed certain other services in addition to their statutory duties. Further details are set out in note 8.2 to the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by the Group Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001*, for the following reasons:

› All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Group Audit Committee, to ensure that they do not impact the integrity and objectivity of the auditor; and

› The non-audit services provided do not undermine the general principles relating to auditor independence as they related to technical disclosure issues.

Auditor's independence declaration to the Directors

Auditor's Independence Declaration to the Directors of MyState Limited

In relation to our audit of the financial report of MyState Limited for the financial year ended 30 June 2021, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

DANNY MCCARTHY

Partner

Wise Lord & Ferguson

Date: 20 August 2021

MyState Limited

Remuneration Report

This Remuneration Report forms part of the Directors' Report and outlines the Director and Executive remuneration arrangements of MyState Limited (the Company or MYS) for the year ended 30 June 2021, in accordance with the requirements of the *Corporations Act 2001* and its regulations.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

Contents

1. Key management personnel

The key management personnel (KMP) of the Company in office during the year and up to the date of this report were as follows:

Name | Title	Movements in the 2021 Financial Year
Non-Executive Directors	
Miles Hampton | *Chairman*	
Stephen Davy	Appointed 24 June 2021 Commenced role 1 July 2021
Robert Gordon	
Sibylle Krieger	
Warren Lee	
Vaughn Richtor	
Andrea Waters	
Executive Director	
Melos Sulicich | *Managing Director and Chief Executive Officer*	
Executives	
Gary Dickson | *Chief Financial Officer*	
Mandakini Khanna | *Chief Risk Officer*	
Alan Logan | *General Manager Wealth Management*	Due to commence 30 August 2021
Paul Moss | *General Manager Technology, Operations and Product*	
Heather McGovern | *General Manager Digital and Marketing*	
Anthony MacRae | *General Manager Banking*	Ceased 30 June 2021
Huw Bough | *General Manager Banking*	Appointed 1 June 2021 Commenced role 30 June 2021
Craig Mowll | *General Manager Wealth Management*	Ceased 18 June 2021
Janelle Whittle | *General Manager People and Culture*	

2. Remuneration Strategy

2.1 Remuneration Philosophy

The objective of MyState Limited's Remuneration Policy is to promote personal and collective behaviours that deliver good customer outcomes, sustained financial performance, appropriate risk management and maintain the good reputation of the Group.

The MyState Limited Remuneration Policy is designed to achieve this objective by having:

- Appropriately balanced measures of employee performance that inform variable performance based pay for Executives and other eligible employees, including short and long term incentive plans;
- Recognition and reward for strong performance linked to favourable customer outcomes and sustainable shareholder returns;
- A considered balance between the capacity to pay and the need to attract and retain capable staff at all levels;
- Structuring of the remuneration of risk and financial control personnel, including performance based components, so not to compromise the independence of these personnel in carrying out their functions;
- Board discretion in the assessment and application of malus or clawback of Executive incentives (whether vested or unvested) as an ultimate means to mitigate unintended consequences of variable pay and to preserve the interests of shareholders and customers; and
- Short term and long term incentive performance criteria integrated within the overall risk management of the Group.

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration is separate and distinct from Executive remuneration.

2.2 Consequences of Performance on Shareholder Wealth

In considering the Company's performance and benefits for Shareholder wealth, the Group People and Remuneration Committee has regard to the following metrics:

Indicator	2017	2018	2019	2020	2021
Statutory profit after income tax ($'000)	30,080	31,461	30,987	30,060	**36,341**
Statutory earnings per share (cents)	34.04	34.97	34.17	32.86	**39.18**
Dividends paid ($'000)	25,042	25,794	26,016	26,241	**11,508**
Share price (dollars)	4.85	5.01	4.49	3.93	**4.68**
Statutory average return on equity (%)	10.0	10.1	9.7	9.2	**10.31**
Statutory cost to income ratio (%)	65.9	64.0	64.8	62.8	**63.1**

The performance measures for triggering both the Group's Short Term Incentive Plan (STI) and Executive Long Term Incentive Plan (ELTIP) have been tailored to align "at-risk" remuneration performance hurdle thresholds to the delivery of financial and operational objectives and sustained growth in shareholder value.

STI includes both financial and non-financial metrics.

ELTIP performance measures for all offers are weighted equally between relative total shareholder return (TSR) performance and return on equity (ROE). The relative TSR is a measure which incorporates both dividends paid and movements in share prices, while the ROE is a measure of corporate profitability.

2.3 Remuneration Governance

The Group People and Remuneration Committee assists the Directors in discharging the Board's responsibilities in relation to remuneration governance and provides oversight to support the Company in achieving its culture and capability ambitions. The Committee reviews and makes recommendations to the Board on:

- Remuneration arrangements for Directors, the Managing Director and other Senior Executives, having regard to comparative remuneration data, independent advice and compliance with the requirements of APRA Prudential Standards and the Banking Executive Accountability Regime (BEAR);
- Human Resource policies and practices, ratification of industrial instruments and oversight of compliance with legal and regulatory requirements; and
- Oversight of the Group capability to deliver on strategic objectives and to support the Group's business operations and culture, including succession planning and other matters such as the Company's Employee Share Scheme and other incentive schemes for Executives and Employees.

The Group People and Remuneration Committee aims to ensure that there is no conflict of interest regarding Executive Director involvement in Board decisions on remuneration packages and also in monitoring the involvement of Management generally in Committee discussions and deliberations regarding remuneration policy. No Executive is directly involved in deciding their own remuneration.

3. Non-Executive Director Remuneration

The Company's Non-Executive Directors (NEDs) receive only fees, including statutory superannuation, for their services and the reimbursement of reasonable expenses. They do not receive any retirement benefits other than statutory superannuation.

The Board determines the fees paid to NEDs taking into account the level of skill and experience required to conduct the role and that the fee scale will enable the Company to attract and retain talented NEDs.

The Board obtains independent advice from remuneration consultants on a regular basis.

The aggregate remuneration paid to all the NEDs, inclusive of statutory superannuation, may not exceed the amount fixed by Shareholders which is currently $950,000.

Each NED currently receives $110,000 per annum, inclusive of statutory superannuation, and the Chairman receives $236,500 per annum, inclusive of statutory superannuation.

The Chairs of committees (other than the Board Chair if he or she chairs a committee) receive an additional $10,000, per annum, inclusive of statutory superannuation.

4. Managing Director and Executive Remuneration

MyState Limited structures its remuneration framework for the Managing Director and each Executive directly reporting to the Managing Director (Executive) to:

- Support MyState Limited's purpose and mission
- Reflect the company's values, and
- Allow the Executive to drive our strategy

Total remuneration packages offered to the Executive are based on a notional Total Target Reward which can comprise three elements:

- **Total Fixed Reward (TFR)**, which includes cash salary, superannuation contributions and any salary sacrifice.
- **Cash based short term incentives (STI)** which provides appropriate short-term rewards for our focus on driving strong customer acquisition, increasing investment in digital innovation and managing operating expenses, while maintaining a culture centred on delivery with positive customer experiences; and
- **Equity based long term incentives (ELTIP)** which reinforce the focus on achieving longer term strategic objectives for our multi-year transformation journey and embedding the fundamental structures that will allow us to take advantage of evolving market conditions and meet customer needs quickly, and therefore create long-term value for shareholders.

4.1 Total Fixed Reward

The Group People and Remuneration Committee annually reviews Executive remuneration taking into account responsibilities, performance, qualifications and experience. External remuneration consultants are appointed on a regular basis to provide advice to the Committee on structure and market comparison.

4.2 Short Term Incentive

The STI is an incentive with possible reward for Executive members dependent on their contribution towards the company's short and medium term goals.

Each year, the Group People and Remuneration Committee recommends to the Board the KPI's for the Managing Director.

The Managing Director recommends KPIs for Executives to the Group People and Remuneration Committee who subsequently make a recommendation to the Board.

At the end of the financial year, the Managing Director assesses the performance of the Executives against their KPIs and makes a recommendation for each Executive to the Group People and Remuneration Committee as to the STI payment.

At the end of the financial year, the Group People and Remuneration Committee assesses the performance of the Managing Director against the KPIs for the financial year.

After consultation with the Chair of the Group Audit Committee, and the Chair of the Group Risk Committee, the Group People and Remuneration Committee recommends the STI payments to be made to the Managing Director and Executives for approval by the Board. Approval of an STI to the Managing Director or Executives is at the complete discretion of the Board. The Board discretion may result in a reduction or forfeiture of payment. In addition, the annual STI component awarded may be reduced for forfeited if the Company and the individual Executive does not meet 'gateways' approved by the Board at the start of the financial year.

The following key performance measures for the STI component and the level of achievement were assessed by the Board in respect to the FY21 financial year.

	Drivers	Measures	Performance
Financial	Earnings	Increasing earnings per share	●
	Net interest margin	Managed in accordance with Board expectations	●
	Funds under management	Growing funds under management (TPT)	○
	Cost to income ratio	Optimising operational efficiencies to improve the ratio of total operating costs (excluding bad and doubtful debt charges) to total income (the sum of net interest and non-interest income).	●
People	People	Positive employee experience scores Positive leadership and workplace culture development	◐
Customer	Customer	Net customer growth NPS scores significantly above the sector average	◐
Risk and Compliance	Risk management and reputation	Risks in the business have been managed in accordance with the Risk Management Framework and the Board-approved risk appetite. There are no outstanding regulatory matters.	●
Strategic Projects	Strategic projects	Successful implementation of individual strategic projects that contribute to the ongoing development and efficiency of the organisation.	◐

● Exceeded or met target ○ Partially met target ◐ Below target

The three gateways for FY21 are summarised below:

Gateway	Assessment measures
Group Risk	If MyState Limited does not meet compliance and risk management obligations, its reputation is materially damaged, capital adequacy and liquidity fall below prudential range(s), or if an accountable person does not meet their personal accountability BEAR obligations, STI may be reduced or forfeited at Board discretion.
Profit before Tax and exclusive of Executive Management STI and Company Performance Bonus (PBT Before Incentives)	If PBT and Incentives is below FY21 budget, STI may be reduced or forfeited.
Values and Behaviours (Individual)	Executives must live the MyState Limited values and meet or exceed expectations as assessed against the values by their manager. If not, STI may be reduced or forfeited. The Board may also exercise discretion.

The Board has determined that all the FY21 gateways had been met. The Board notes that MyState Limited did not receive any JobKeeper benefits. Performance against three joint performance measures, earnings per share, net interest margin and cost to income ratio have been wholly met.

It was particularly pleasing that the key non-financial measures, customer NPS and net customer growth, was higher than the previous year.

If the results on which any STI reward was based are subsequently found by the Board to have been the subject of deliberate management misstatement, error, misrepresentation or act or omission, which the Group People and Remuneration Committee or the Board (acting reasonably) considers would have resulted in the KPIs not being satisfied, or there is otherwise a reward decision incorrectly made, the Board may require repayment of the whole or part of the relevant STI, in addition to taking any other disciplinary actions.

Payment of a STI to the Managing Director or Executive, who are accountable persons, is subject to the Board being satisfied that the payment may be made under the BEAR.

Current STI Offers

Details of the STI payments for the 2020/2021 financial year and the 2019/2020 financial year are set out in the following tables.

Key Management Personnel	% Max. (of TFR)	Max. Payable	% Awarded	% Forfeited	$ Amount Paid	% Which is not yet Assessed for Payment
2020/2021						
Melos Sulicich	50%	$312,500	89.30%	10.70%	$279,063	0%
Gary Dickson	30%	$120,000	90.65%	9.35%	$108,780	0%
Mandakini Khanna	30%	$117,000	94.90%	5.10%	$111,033	0%
Heather McGovern	30%	$99,000	86.40%	13.60%	$85,536	0%
Anthony MacRae	30%	$117,000	0%	100%	$0	0%
Craig Mowll(1)	30%	$113,153	0%	100%	$0	0%
Paul Moss	30%	$109,500	92.45%	7.55%	$101,233	0%
Janelle Whittle	30%	$90,750	88.65%	11.35%	$80,450	0%
2019/2020*						
Melos Sulicich	50%	$312,500	0%	100%	$0	0%
Gary Dickson(1)	30%	$88,110	0%	100%	$0	0%
David Harradine(1)	30%	$37,504	0%	100%	$0	0%
Mandakini Khanna	30%	$117,000	0%	100%	$0	0%
Heather McGovern	30%	$99,000	0%	100%	$0	0%
Anthony MacRae	30%	$117,000	0%	100%	$0	0%
Craig Mowll	30%	$117,000	0%	100%	$0	0%
Paul Moss	30%	$109,500	0%	100%	$0	0%
Janelle Whittle	30%	$87,000	0%	100%	$0	0%

1) Pro-rata Max Payable based on commencement and cessation dates as applicable.
* For the 2019 / 2020 financial year in response to COVID-19 the Managing Director and Executives agreed to forfeit any STI.

4.3 Executive Long Term Incentive Plan

The ELTIP provides a long term "at risk" incentive, assessed over a three year performance period. It was established by the Board to encourage and motivate the Executive, comprising the Managing Director and participating Executives, by rewarding them with shares for helping to create long term value for the Company's shareholders. Participating Executives are allocated fully paid ordinary shares in the Company without payment on their part if performance criteria specified by the Board are satisfied in a set performance period. Until 30 June 2021 the offers were in the form of shares; however, beyond that date offers will be in the form of performance rights that, on vesting would deliver to participants one Share for each vested performance right.

Each year, an offer may be made to individual members of the Executive as determined by the Board. The maximum value of the offer is determined as a percentage of the TFR of each member of the Executive. As a general guide, noting that the Board has absolute discretion to vary, the current percentages used are 70% for the Managing Director and 30% for participating Executives. The maximum value of the offer is converted into a number of fully paid ordinary shares or performance rights based upon the volume weighted average price (VWAP) of shares calculated over the period of twenty (20) trading days to 30 June immediately prior to the commencement of the performance period for the relevant offer. The number of shares or performance rights that may deliver shares is then nominally fixed.

In order for the shares or performance rights to vest, certain performance criteria must be satisfied within the predetermined performance period. Both the performance criteria and the performance period are set by the Board, at its absolute discretion. The Board has set the three financial years, commencing with the year in which an offer is made under the plan, as the performance period, with relative TSR, and post-tax underlying ROE for the "2018" and "2019" offers. Relative TSR and statutory ROE have been set as the performance criteria for the "2020" offers and "2021" offers. The Board may adjust the statutory ROE performance criteria for one-off items for the 2020 and subsequent offers.

At the end of the performance period, or as soon as possible thereafter, the Board will determine, at its complete discretion, the number of shares or performance rights that have vested and the number of shares in which the Managing Director and participating Executive may become entitled under the terms of the relevant offer and ELTIP rules.

The Board has set a period of five years from commencement of the performance period before an allocation of shares to an Executive can be made, creating a deferral period of a further two years between the conclusion of the performance period and the allocation of shares.

Any ELTIP reward payment to the Managing Director and participating Executives on satisfaction of the performance criteria under any ELTIP offer is subject to reassessment and possible reduction or forfeiture, during the deferral period (or earlier in the performance period), if the Board considers an adjustment event has occurred (as described in the ELTIP). This enables the Board to adjust variable remuneration (potentially to zero) if such adjustments are necessary to, among other things, protect the financial soundness of the Company or respond to significant unexpected or unintended consequences that were not foreseen by the Board. In addition, where a participating Executive is also an accountable person under the BEAR, the delivery of shares to the Executive (and/or any associated payment) will be subject to the Board's positive assessment that their accountability obligations have been met. The number of shares that may be allocated (and/or value of any associated payment) may be reduced or cancelled to the extent that the Board determines that the accountability obligations have not been met.

Allocation of shares to the Managing Director and eligible Executives is ultimately at the complete discretion of the Board. The ELTIP rules provide for an independent Trustee to act at the direction of the Company, and the trustee may acquire and hold shares on behalf of Executives that have received an allocation of shares. The participating Executive cannot transfer or dispose of shares before they have been allocated to them, which will not occur until the end of the deferral period specified in the ELTIP rules or relevant offer. A direction to the Trustee to allocate shares to each eligible Executive will be made in accordance with their entitlement under the relevant offer and ELTIP rules.

Any shares or performance rights to be allocated to the Managing Director under this Plan require shareholder approval in accordance with ASX Listing Rules.

On accepting an ELTIP offer made by the Company, participating Executives are required to not hedge their economic exposure to any allocated non-vested entitlement. Failure to comply with this directive will constitute breach of duty and may result in forfeiture of the offer and / or dismissal.

Commencement of employment during a financial year

Where an Executive commences employment with the Company post 1 July in a given year, the following conditions will apply in respect of ELTIP:

- Upon recommendation by the Managing Director, and, if deemed eligible by the Board, the Executive shall receive a pro-rata offer for that year, unless that person commences employment between 1 April and 30 June, in which case, they shall not be entitled to receive an offer for that financial year; and
- Calculations for ELTIP entitlements in terms of the 20 day VWAP, must be consistent with the offers for that year, irrespective of the date that an employee commences or to whom an offer to participate is made.

Cessation of employment

On separation from the Company, participants will be eligible to receive shares only if the separation is due to a Qualifying Reason.

A Qualifying Reason, as defined by the ELTIP Plan Rules, is death, total and permanent disability, retirement at normal retirement age, redundancy or other such reason as the Board, in its absolute discretion, may determine.

Where an ELTIP participant ceases employment with MyState Limited during a performance period, the offer will be assessed by the Board at the end of the performance period along with all other participants subject to meeting the 12 month employment hurdle that applies to any ELTIP offer.

The allocation of shares to any ELTIP participant where the Executive is an accountable person, is subject to the BEAR. Shares will not be delivered to ELTIP participants, or any payment made, to the extent it would cause the Company to contravene its obligations under the BEAR.

Entitlement to dividend income on shares

During the period that allocated shares for a participating Executive are held by the Trustee, the participating Executive is entitled to receive the income arising from dividend payments on those shares and to have the Trustee exercise the voting rights on those shares in accordance with their instructions.

For the avoidance of doubt, for ELTIP offers made after 1 July 2018, the Company will not direct the Trustee to allocate the shares to the participating Executive's account during the specified two year deferral period. The two year deferral period commences after the end of the relevant performance period. During this period, such participants have no entitlement to any dividends or voting rights in respect of the shares.

Details of offers made under the ELTIP are set out in the following table.

Offer	"2018"	"2019"	"2020"
Performance period	1 July 2018 to 30 June 2021	1 July 2019 to 30 June 2022	1 July 2020 to 30 June 2023
The comparator group	Members of the S&P/ASX300		
Fair value of shares on offer date(1)	Managing Director $2.52 Other Executives $2.17	Managing Director $2.49 Other Executives $2.49	Managing Director $3.36 Other Executives $3.36
Offer date - Managing Director - Other Executives(3)	 18 October 2018 7 January 2019	 28 October 2019 28 October 2019	 16 November 2020 16 November 2020
Value of offer(2) - Managing Director - Other eligible Executives	 $312,500 $651,727	 $312,500 $787,664	 $312,500 $649,500

1) The fair value of offers that are assessed and awarded on market based conditions is determined on the grant date in accordance with AASB 2. The fair value is used by the Group to recognise an expense over the performance period for the TSR component of offers.

2) The value of the offer is the maximum value calculated as at the date of offer to the KMP(s) at that time. As such, it may include the value of offers made to individuals who are no longer KMP's of the Company.

3) In respect of the "2018" Offer, a pro-rata offer made to Anthony MacRae and Heather McGovern on the 25th of February 2019 and 18th of March 2019 respectively. Pro-rata offer made in respect of the "2019" Offer to Gary Dickson on the 16th of March 2020.

Calculation of the Reward

TSR Component

The ELTIP Offers TSR components will vest on the following basis:

For the 2018 and 2019 offers:

MYS TSR Relative to the ASX 300	Percentage of the Applicable Reward that will Vest:
Below the mid-point percentage	0%
At the median ASX300	50%
Between the median and 75th percentile	Straight line basis between 50% and 100%
Above the 75th percentile	100%

For the 2020 offers:

MYS TSR Relative to the ASX 300	Percentage of the Applicable Reward that will Vest:
Below the 25th percentile	0
At the 25th percentile	25%
Between the 25th and 75th percentile	Straight line basis between 25% and 100%
Above the 75th percentile	100%

For the 2021 offers:

MYS TSR Relative to the ASX 300	Percentage of the Applicable Reward that will Vest:
Below the 50th percentile	0%
At the 50th perenctile	50%
Between the 50th percentile and the 75th percentile	Straight line basis between 50% and 100%
At or above the 75th percentile	100%

ROE Component

The performance period for the ROE component for the ELTIP reward will be based upon on the Company's post-tax ROE and will be payable on the following basis:

For the 2018 and 2019 offers:

MYS Aggregate Absolute Post Tax Underlying ROE for the Performance Period:	Percentage of the Applicable Reward that will Vest:
Below 30.00%	0%
30.00%	50%
30.00% to 31.50%	Straight line basis from 50% to 100%
31.50% or above	100%

For the 2020 offers:

MYS Aggregate Statutory ROE, which may be adjusted for one-off items at the discretion of the board, for the Performance Period:	Percentage of the Applicable Reward that will Vest:
Below 27.00%	0%
27.00%	25%
27.00% to 30.00%	Straight line from 25% to 100%
30.00% or above	100%

For the 2021 offers:

Statutory ROE with Board discretion to adjust for one-off items:	Percentage of the Applicable Reward that will Vest:
Below 30%	0%
30%	50%
30% to 31.50%	Straight line basis from 50% to 100%
31.5% or above	100%

Actual and Potential ELTIP Share Allocations

The following tables detail, for current and former KMP, the status of offers made under the ELTIP. The "2017" offer performance period was completed on 30 June 2020. The "2018" offer performance period was completed on 30 June 2021.

Offer	Name	Component	Maximum Offer	Forfeited/ Lapsed	Vested in the 2020/21 Financial Year	Not yet Assessed for Vesting
			Number of Shares			
"2018" Offer	Melos Sulicich[1]	TSR	32,188	-	16,126	-
		ROE	32,187	32,187	-	-
	Anthony MacRae	TSR	4,590	2,300	-	-
		ROE	4,589	4,589	-	-
	Heather McGovern	TSR	2,934	-	1,470	-
		ROE	2,933	2,933	-	-
	David Harradine	TSR	11,742	5,833	-	-
		ROE	11,742	11,742	-	-
	Mandakini Khanna	TSR	11,124	-	5,573	-
		ROE	11,124	11,124	-	-
	Paul Moss	TSR	10,506	-	5,264	-
		ROE	10,506	10,506	-	-
	Craig Mowll	TSR	11,556	5,790	-	-
		ROE	11,555	11,555	-	-
	Janelle Whittle	TSR	8,961	-	4,489	-
		ROE	8,961	8,961	-	-

Offer	Name	Component	Maximum Offer	Forfeited/ Lapsed	Vested in the 2019/20 Financial Year	Not yet Assessed for Vesting
			Number of Shares			
"2017" Offer	Melos Sulicich	TSR	29,307	12,485	16,822	-
		ROE	29,307	29,307	-	-
	Huw Bough	TSR	10,092	10,092	-	-
		ROE	10,092	10,092	-	-
	Katherine Dean	TSR	9,786	9,786	-	-
		ROE	9,786	9,786	-	-
	David Harradine	TSR	11,315	11,315	-	-
		ROE	11,315	11,315	-	-
	Mandakini Khanna	TSR	10,551	4,495	6,056	-
		ROE	10,550	10,550	-	-
	Paul Moss	TSR	10,092	4,299	5,793	-
		ROE	10,092	10,092	-	-
	Andrew Polson	TSR	10,092	10,092	-	-
		ROE	10,092	10,092	-	-
	Chris Thornton	TSR	10,245	10,245	-	-
		ROE	10,245	10,245	-	-
	Janelle Whittle[2]	TSR	3,888	1,656	2,232	-
		ROE	3,887	3,887	-	-

1) The awarding of the 2018 offer is subject to shareholder approval subsequent to the publishing of this report.

2) Pro-rata Max Payable based on commencement dates as applicable.

The "2019", "2020" and "2021" offers have not been assessed for vesting. The following table shows the maximum number of shares available under each of these offers:

Name	Component	"2019" Offer	"2020" Offer	"2021" Offer
		Number of Shares		
Melos Sulicich	TSR	34,036	38,676	-
	ROE	34,035	38,675	-
Gary Dickson [(1)]	TSR	9,570	14,852	12,500
	ROE	9,570	14,851	12,500
David Harradine [(2)]	TSR	-	-	-
	ROE	-	-	-
Mandakini Khanna	TSR	12,743	14,480	12,188
	ROE	12,743	14,480	12,187
Heather McGovern	TSR	10,783	12,252	10,313
	ROE	10,782	12,252	10,312
Anthony MacRae	TSR	12,743	14,480	-
	ROE	12,743	14,480	-
Paul Moss	TSR	11,926	13,552	11,407
	ROE	11,926	13,552	11,406
Craig Mowll	TSR	12,743	14,480	-
	ROE	12,743	14,480	-
Janelle Whittle	TSR	9,476	10,767	9,844
	ROE	9,475	10,767	9,844
Huw Bough	TSR	-	-	12,188
	ROE	-	-	12,187
Alan Logan[(3)]	TSR	-	-	-
	ROE	-	-	-

1) Pro-rata offer made for "2019".

2) The "2019" Offer extended to David Harradine was forfeited due to less than 12 months of the performance period having been served.

3) Pro-rata "2021" offer to be determined post commencement.

4.4 Banking Executive Accountability Regime

MyState accountable persons are registered with APRA. Each accountable person has an agreed accountability statement that sets out the accountabilities relevant to their role in relation to BEAR. Any entitlement to variable remuneration may be subject to deferral, reduction or forfeiture under the BEAR even if performance criteria have been met.

The BEAR requires authorised deposit-taking institutions (including the Company) to defer payment of a prescribed minimum amount of variable remuneration for a minimum period of four years. The requirement for variable remuneration to be deferred does not apply if the amount that would be deferred is less than $50,000.

The deferral period is subject to extension, as determined by the Board, or reduction, as determined by the Board and approved by APRA. At the end of the applicable deferral period, any entitlement to deferred variable remuneration will be assessed against each individual meeting their accountable person obligations. If an accountable person fails to comply with his or her accountability obligations, their deferred variable remuneration will be reduced by an amount that is proportionate to the failure or may be cancelled, as determined by the Board.

4.5 Review of Executive Remuneration

During FY21 the Group People and Remuneration Committee commissioned independent advice in respect of the structure and performance criteria for executive variable remuneration. With the benefit of that advice the Board decided to make a number of changes which take effect from 1 July 2021.

5. Statutory Tables

		Salary & Fees	Cash Bonus (1)	Other Short Term Benefits	Non-Monetary Benefits	Post-Employment Superannuation	Termination Benefits	Share-based Payment(3)	Total
Non-Executive Directors									
Miles Hampton	2021	209,004	-	-	393	19,855	-	-	229,252
	2020	201,922	-	-	-	19,183	-	-	221,105
Robert Gordon	2021	89,849	-	-	-	26,275	-	-	116,124
	2020	87,449	-	-	-	25,390	-	-	112,839
Vaughn Richtor	2021	97,211	-	-	-	9,235	-	-	106,446
	2020	76,042	-	-	-	7,224	-	-	83,266
Sibylle Krieger	2021	106,049	-	-	-	10,075	-	-	116,124
	2020	101,875	-	-	-	9,678	-	-	111,553
Warren Lee	2021	106,049	-	-	-	10,075	-	-	116,124
	2020	98,933	-	-	-	9,399	-	-	108,332
Stephen Lonie	2021	-	-	-	-	-	-	-	-
	2020	42,731	-	-	-	4,059	-	-	46,790
Andrea Waters	2021	116,124	-	-	-	-	-	-	116,124
	2020	100,702	-	-	-	9,567	-	-	110,269
Total NED	**2021**	724,286	**-**	**-**	**393**	**75,515**	-	-	**800,194**
	2020	709,654	**-**	**-**	**-**	**84,500**	-	-	**794,154**

		Salary & Fees	Cash Bonus (1)	Other Short Term Benefits	Non-Monetary Benefits	Post-Employment Superannuation	Termination Benefits	Share-based Payment(3)	Total
Executive									
Melos Sulicich	2021	623,077	279,063	-	1,095	25,961	-	156,698	1,085,894
	2020	600,000	-	-	1,788	25,000	-	80,956	707,744
Huw Bough	2021	36,986	-	-	-	3,514	-	-	40,500
	2020	-	-	-	-	-	-	3,075	3,075
Katherine Dean	2021	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	2,895	2,895
David Harradine	2021	-	-	-	-	-	-	4,046	4,046
	2020	149,678	-	-	-	8,365	-	(3,225)	154,818
Mandakini Khanna	2021	369,863	111,033	-	-	35,137	-	56,434	572,467
	2020	355,954	-	-	-	36,409	-	28,010	420,373
Anthony MacRae	2021	372,019	-	-	-	25,481	-	50,573	448,073
	2020	365,000	-	-	-	25,000	-	17,469	407,469
Heather McGovern	2021	312,961	85,536	-	-	29,731	-	42,132	470,360
	2020	301,370	-	-	-	28,630	-	14,316	344,316
Paul Moss	2021	353,077	101,233	-	1,302	25,961	-	52,892	534,465
	2020	339,806	-	-	-	25,001	-	26,399	391,206
Craig Mowll	2021	383,075	-	-	-	20,295	-	24,390	427,760
	2020	369,469	-	-	-	20,531	-	21,743	411,743
Janelle Whittle	2021	276,519	80,450	-	1,302	27,245	-	42,505	428,021
	2020	264,840	-	-	-	25,160	-	18,299	308,299
Gary Dickson	2021	389,423	108,780	-	-	25,961	-	43,532	567,696
	2020	264,219	-	-	-	20,716	-	10,005	294,940
Total Executive	**2021**	**3,117,000**	**766,095**	**-**	**3,699**	**219,286**	**-**	**473,202**	**4,579,282**
	2020	**3,010,336**	**-**	**-**	**1,788**	**214,812**	**-**	**219,942**	**3,446,878**
Total KMP	**2021**	**3,841,286**	**766,095**	**-**	**4,092**	**294,801**	**-**	**473,202**	**5,379,476**
	2020	**3,719,990**	**-**	**-**	**1,788**	**299,312**	**-**	**219,942**	**4,241,032**

1) The cash bonus shown is the actual amount awarded in respect of each financial year's STI offers.

2) Non-Monetary Benefits consist of car parking expense, travel & accommodation and entertainment.

3) Share based payment amounts have been calculated in accordance with the relevant accounting policy and Accounting Standard. The fair value of the share grant is calculated at the date of grant and is allocated to each reporting period evenly over the period from grant date to vesting date. This fair value will generally be different to the value of shares at the time they vest. The value disclosed is the portion of the fair value of the share grant allocated to this reporting period. These amounts represent share grants which will only vest to the KMP when certain performance and service criteria are met. In some circumstances all, or a portion, of the shares may never vest to the KMP. As these figures are based on accrual accounting and not a reflection of actual cash paid or shares vested, negative figures can result in the event of accrual reversals being recorded. Amounts stated are in respect of the period that the individual held a role of a KMP.

6. Shareholdings of Key Management Personnel

Non-Executive Director Minimum Shareholding Requirement

A minimum shareholding requirement has been implemented for all Non-Executive Directors (NED MSR).

Non-Executive Directors, in the absence of approval from the Board to the contrary, are required to acquire and maintain, directly or indirectly, shares in MyState Limited to the equivalent of one year's pre-tax base Director's fee. The NED MSR must be achieved within four years of their appointment.

Managing Director Minimum Shareholding Requirement (MD MSR)

In the absence of approval from the Board to the contrary, the MD MSR will apply to the Managing Director.

The MD MSR will be 50% of TFR and must be achieved within four years of appointment.

Any shares subject to deferral (including shares which may be allocated in respect of vest performance rights), from the 2018 ELTIP offer onwards, will be recognised for the purposes of MD MSR. The shares in MyState Limited (ASX code: MYS) may be held directly or indirectly, and may include shares obtained prior to commencement of employment and/or Shares acquired through ELTIP or any other scheme.

Related Parties of KMP Shareholdings

Details regarding the holdings by KMP and their related parties of ordinary shares in the Company are set out in the following table. Related parties include close members of the family of the KMP. It also includes entities under joint or several control or significant influence of the KMP and their close family members. No equity transactions with KMP, other than those arising as payment for compensation, have been entered into with the Company.

Key Management Personnel	Number of Shares at Commencement of Financial Year	Granted as Compensation to be held by ELTIP trustee[(1)]	Net Change Other	Number of Shares at End of Financial Year	Number of Shares at End of Financial Year Held by ELTIP Trustee [(2)]
Non-Executive Directors					
Miles Hampton	750,000	-	148,362	898,362	-
Robert Gordon	26,587	-	7,138	33,725	-
Sibylle Krieger	26,132	-	718	26,850	-
Warren Lee	24,004	-	3,637	27,641	-
Vaughn Richtor	2,500	-	9,331	11,831	-
Andrea Waters	22,093	-	9,963	32,056	-
Sub Total	**851,316**	**-**	**179,149**	**1,030,465**	**-**
Executives					
Melos Sulicich	119,086	16,126	23,804	159,016	79,911
Gary Dickson	-	-	-	-	-
Heather McGovern	-	1,470	-	1,470	1,470
Mandakini Khanna	12,564	5,573	1,545	19,682	19,682
Paul Moss	12,301	5,264	338	17,903	17,903
Janelle Whittle	6,946	4,489	715	12,150	6,721
Huw Bough	5,000	-	758	5,758	-
Sub Total	**155,897**	**32,922**	**27,160**	**215,979**	**125,687**

1) These amounts are the shares awarded for the "2018 Offer". The awarding of these shares was approved on 20 August 2021 with the exception of those relating to Melos Sulicich whose shares are subject to shareholder approval. These shares have not yet been issued to the Trustee to hold on behalf of the Executives.

2) The shares that are held in trust are also shown in the balance at the end of the financial year totals and include those shares yet to be issued to the Trustee under the "2018 Offer".

7. Loans to Key Management Personnel

There are no loans made by MyState subsidiaries to KMP or their related parties in 2021.

Related parties include close members of the family of the KMP. They also includes entities under joint or several control or significant influence of the KMP and their close family members.

8. Executive Employment Agreements

The Managing Director and Executives are employed under individual open ended employment contracts that set out the terms of their employment.

<table>
<tr><th>Incumbent</th><th>Com-menced in Role</th><th>Con-tract Term</th><th>TFR</th><th>Short Term Incentive (maximum)</th><th>ELTIP (maximum)</th><th>Termination Provisions in the Event of Termination by the Company</th></tr>
<tr><td>Melos Sulicich[1]</td><td>1 July 2014</td><td>Ongoing</td><td>$625,000</td><td>50% of TFR in 2021 financial year
60% of TFR in 2022 financial year</td><td>50% of TFR in 2021 financial year
70% of TFR in 2022 financial year</td><td>Notice:
The contract may be terminated by the Company with 26 weeks notice or payment in lieu of notice.
Entitlement:
› Pro-rata STI payment applied as at the date of termination.
› Payment of STI if the performance period is complete but not yet paid.
› Pro-rata ELTIP allocation, made following the completion of the applicable performance periods.</td></tr>
<tr><td>Huw Bough</td><td>1 June 2021</td><td>Ongoing</td><td>$390,000</td><td rowspan="2">30% TFR</td><td rowspan="2">30% of TFR upon invitation to participate</td><td rowspan="2">Notice:
Each contract can be terminated by the Company upon provision of three months notice.
Entitlement:
› Pro-rata STI payment applied as at the date of termination.
› Payment of STI if the performance period is complete but not yet paid.
› Pro-rata ELTIP allocation, made following the completion of the applicable performance periods.</td></tr>
<tr><td>Alan Logan</td><td>30 August 2021</td><td>Ongoing</td><td>$370,000</td></tr>
<tr><td>Gary Dickson</td><td>19 October 2019</td><td>Ongoing</td><td>$400,000</td><td rowspan="7">30% TFR</td><td rowspan="7">30% of TFR upon invitation to participate</td><td rowspan="7">Notice:
Each contract can be terminated by the Company upon provision of three months notice.
Entitlement:
› Payment of the equivalent of six months TFR (inclusive of the provision of three months notice).
› Pro-rata STI payment applied as at the date of termination.
› Payment of STI if the performance period is complete but not yet paid.
› Pro-rata ELTIP allocation, made following the completion of the applicable performance periods.</td></tr>
<tr><td>Mandakini Khanna</td><td>1 December 2015</td><td>Ongoing</td><td>$390,000</td></tr>
<tr><td>Anthony MacRae</td><td>12 February 2019</td><td>Ongoing</td><td>$390,000</td></tr>
<tr><td>Heather McGovern</td><td>18 March 2019</td><td>Ongoing</td><td>$330,000</td></tr>
<tr><td>Paul Moss</td><td>13 May 2015</td><td>Ongoing</td><td>$365,000</td></tr>
<tr><td>Craig Mowll</td><td>16 July 2018</td><td>Ongoing</td><td>$390,000</td></tr>
<tr><td>Janelle Whittle</td><td>22 January 2018</td><td>Ongoing</td><td>$315,000</td></tr>
</table>

1) Required to hold shares to the value of 50% of TFR.

Signed in accordance with a resolution of the Directors.

Miles Hampton
Chairman
Hobart, dated this 20 August 2021

Melos Sulicich
Managing Director and Chief Executive Officer

MyStateLimited

Financial Report

Results for the year

Contents

Consolidated Income Statement

	Notes	30 June 2021 $'000	30 June 2020 $'000
Interest income	2.1	**164,336**	188,330
Interest expense	2.1	**(52,385)**	(88,808)
Net interest income		**111,951**	99,522
Non-interest income from banking activities	2.1	**12,951**	13,699
Net banking operating income		**124,902**	113,221
Income from wealth management activities	2.2	**13,618**	15,636
Income from other activities	2.3	**-**	3
Total operating income		**138,520**	128,860
Less: Expenses			
Personnel costs	2.4	**39,615**	37,417
Administration costs	2.4	**15,346**	15,518
Technology costs	2.4	**16,200**	14,751
Occupancy costs		**4,763**	5,461
Marketing costs		**6,394**	5,250
Governance costs	2.4	**2,580**	2,556
Restructure costs		**2,559**	-
Total operating expenses		**87,457**	80,953
Profit before impairment and tax expense		**51,063**	47,907
Impairment expense / (recovery) on loans and advances	4.3	**(995)**	4,921
Profit before tax		**52,058**	42,986
Income tax expense	6.1	**15,717**	12,926
Profit for the year		**36,341**	30,060
Profit attributable to the:			
Equity holders of MyState Limited		**36,341**	30,060
Basic earnings per share (cents per share)	2.5	**39.18**	32.86
Diluted earnings per share (cents per share)	2.5	**39.18**	32.86

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

	Notes	30 June 2021 $'000	30 June 2020 $'000
Profit for the year		**36,341**	30,060
Other comprehensive income / (expense)			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges - Net gains / (losses) taken to equity		**434**	(184)
Income tax effect		**(130)**	55
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		**-**	(1000)
Total other comprehensive income / (expense) for the year		**304**	(1,129)
Total comprehensive income for the year		**36,645**	28,931
Total comprehensive income for the year is attributable to:			
Equity holders of MyState Limited		**36,645**	28,931

Consolidated Statement of Financial Position

	Notes	30 June 2021 $'000	30 June 2020 $'000
Assets			
Cash and liquid assets	4.1	**80,266**	116,502
Due from other financial institutions		**31,859**	34,615
Other assets		**7,032**	6,762
Financial instruments	4.2	**707,166**	542,565
Loans and advances	4.3	**5,607,300**	5,286,114
Property, plant and equipment and right-of-use assets	5.1	**11,678**	19,491
Investment property	5.2	**3,801**	-
Current and deferred tax assets	6.1	**9,896**	5,286
Intangible assets and goodwill	5.3	**83,478**	84,471
Total assets		**6,542,476**	6,095,806
Liabilities			
Due to other financial institutions		**18,821**	25,617
Deposits and other borrowings including subordinated notes	4.5	**6,079,794**	5,704,778
Employee benefits provisions	5.4	**5,240**	5,674
Other liabilities	4.6	**20,605**	21,165
Tax liabilities	6.1	**2,802**	4,250
Total liabilities		**6,127,262**	5,761,484
Net assets		**415,214**	334,322
Equity			
Share capital	5.5	**208,196**	152,775
Retained earnings		**207,282**	182,449
Reserves		**(264)**	(902)
Total equity		**415,214**	334,322

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

	Note	Share capital $'000	Retained earnings $'000	Employee equity benefits reserve $'000	Hedging reserve $'000	Other reserve $'000	Total $'000
At 1 July 2019		**148,707**	**178,629**	**640**	**(477)**	**-**	**327,499**
Profit for the year		-	30,060	-	-	-	**30,060**
Other comprehensive income / (expense)		-	-	-	(129)	(1,000)	**(1,129)**
Total comprehensive income for the year		**-**	**30,060**	**-**	**(129)**	**(1,000)**	**28,931**
Equity issued under employee share scheme	5.5	88	-	-	-	-	**88**
Equity issued under executive long term incentive plan	5.5	170	-	(170)	-	-	**-**
Equity issued under dividend reinvestment plan	5.5	3,810	-	-	-	-	**3,810**
Share based payment expense recognised		-	-	234	-	-	**234**
Dividends paid	2.6	-	(26,240)	-	-	-	**(26,240)**
At 30 June 2020		**152,775**	**182,449**	**704**	**(606)**	**(1,000)**	**334,322**
At 1 July 2020		**152,775**	**182,449**	**704**	**(606)**	**(1,000)**	**334,322**
Profit for the year		-	36,341	-	-	-	**36,341**
Other comprehensive income / (expense)		-	-	-	304	-	**304**
Total comprehensive income for the year		**-**	**36,341**	**-**	**304**	**-**	**36,645**
Equity issued under employee share scheme	5.5	84	-	-	-	-	**84**
Equity issued under executive long term incentive plan	5.5	167	-	(167)	-	-	**-**
Equity issued under dividend reinvestment plan	5.5	1,397	-	-	-	-	**1,397**
Equity issued under institutional placement and entitlement offer	5.5	31,280	-	-	-	-	**31,280**
Equity issued under retail entitlement offer	5.5	24,203	-	-	-	-	**24,203**
Share based payment expense recognised	5.5	-	-	501	-	-	**501**
Entitlement offer share issuance costs, net of tax		(1,710)	-	-	-	-	**(1,710)**
Dividends paid	2.6	-	(11,508)	-	-	-	**(11,508)**
At 30 June 2021		**208,196**	**207,282**	**1,038**	**(302)**	**(1,000)**	**415,214**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Interest received		**178,286**	202,671
Interest paid		**(54,343)**	(96,054)
Fees and commissions received		**25,777**	26,893
Other non-interest income received		**2,027**	3,400
Payments to suppliers and employees (i)		**(76,756)**	(73,597)
Income tax paid		**(21,905)**	(12,989)
(Increase)/decrease in operating assets:			
Due from other financial institutions		**3,336**	(8,581)
Financial instruments		**(163,814)**	(93,615)
Loans and advances		**(334,763)**	(251,207)
Increase/(decrease) in operating liabilities:			
Due to other financial institutions		**(3,868)**	(2,022)
Deposits and other borrowings		**323,729**	371,464
Net cash flows from / (used in) operating activities	4.1	**(122,294)**	66,363
Cash flows from investing activities			
Purchase of intangible assets		**(4,282)**	(4,425)
Proceeds from sale of property, plant and equipment		**-**	11
Purchase of property, plant and equipment		**(499)**	(637)
Net cash flows from / (used in) investing activities		**(4,781)**	(5,051)
Cash flows from financing activities			
Employee share issue		**84**	88
Entitlement and placement offer share issue		**55,339**	-
(Receipts)/payments for lease liabilities		**(2,757)**	(2,565)
Subordinated notes		**(146)**	110
Floating rate notes issue		**49,976**	-
Dividends paid net of dividend reinvestment plan	2.6	**(11,657)**	(22,437)
Net cash flows from / (used in) financing activities		**90,839**	(24,804)
Net increase / (decrease) in cash held		**(36,236)**	36,508
Cash at beginning of financial year		**116,502**	79,994
Closing cash carried forward	4.1	**80,266**	116,502

(i) Excludes payments of lease liabilities following the application of AASB 16 Leases. Comparatives have been restated to disclose outflows from lease liabilities separately.

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

1.1 Reporting entity

MyState Limited (the Company) is incorporated and domiciled in Australia and is a company limited by shares that are publicly traded on the Australian Securities Exchange. The address of its registered office and principal place of business is 137 Harrington Street, Hobart Tasmania 7000. The consolidated financial statements of MyState Limited and its subsidiaries (the Group) were authorised for issue by the Directors on 20 August 2021.

1.2 Basis of accounting

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations, and other requirements of the law. The financial report complies with Australian equivalents to International Financial Reporting Standards ("AIFRS").

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Where necessary, comparative figures have been re-classified and re-positioned for consistency with current period disclosures.

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies.

Rounding of amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission (ASIC) Class Order 2016/191, and, in accordance with that Class Order, amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated. All amounts are presented in Australian dollars.

1.3 Use of estimates and judgements

The preparation of the financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial report such as:

- Loan origination cost amortisation, refer note 2.1;
- Impairment losses on loans and advances, refer note 4.3;
- Fair value of financial instruments, refer note 4.7;
- Impairment assessment of intangibles and goodwill, refer note 5.3;
- Recoverability of deferred tax assets, refer note 6.1; and
- Assessment of right-of-use assets and lease liabilities, refer notes 4.6 and 5.1.

1.4 Provisions (other than for impairment of financial assets)

Provisions are recognised when the Group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

2.1 Net banking operating income

	30 June 2021 $'000	30 June 2020 $'000
Interest income		
Loans and advances	**160,912**	180,914
Investment securities	**3,424**	7,416
Total interest income	**164,336**	188,330
Interest expense		
At call deposits	**12,851**	11,450
Fixed term deposits	**38,217**	76,150
Financing cost - leases	**1,317**	1,208
Total interest expense	**52,385**	88,808
Non-interest income from banking activities		
Transaction fees	**3,918**	4,513
Loan fees	**4,674**	4,462
Banking commissions	**2,984**	3,018
Other banking operations income	**1,375**	1,706
Total non-interest income from banking activities	**12,951**	13,699

Income accounting policy

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised.

Interest

Interest income is accrued using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument. Loan origination fees are recognised as components of the calculation of the effective interest rate method in relation to originated loans, and therefore effect the interest recognised in relation to this portfolio of loans. The average life of loans in the relevant loan portfolios is reviewed annually to ensure the amortisation methodology for loan origination fees is appropriate.

Interest expense is calculated on an accruals basis using the effective interest rate method. The effective interest rate method is the rate that exactly discounts future payments through the expected life of the financial instrument.

Non-interest income from banking activities

Refer to the "income accounting policy" in note 2.2.

2.2 Income from wealth management activities

	30 June 2021 $'000	30 June 2020 $'000
Funds management income	**9,412**	10,315
Other fees and commissions	**4,206**	5,321
Total income from wealth management activities	**13,618**	15,636

Funds management income and fiduciary activities

TPT Wealth Limited, a controlled entity of the Group, acts as Responsible Entity, Trustee and Funds Manager for eight managed investment schemes. The investment schemes place monies with external wholesale fund managers, direct mortgages and mortgaged backed securities, term deposits and other investments. The clients include individuals, superannuation funds and corporate investors.

The assets and liabilities of these funds are not included in the Consolidated Financial Statements. Income earned by the Group in respect of these activities is included in the Consolidated Income Statement of the Group as "Funds management income".

The following table shows the balance of the unconsolidated funds under management and funds under advice that gives rise to funds management and other fees and commissions income respectively:

	30 June 2021 $'M	30 June 2020 $'M
Funds under management	**1,105**	1,069
Funds under advice	**487**	402

Other fees and commissions

TPT Wealth Limited provides private client tax accounting services and acts as trustee and executor of estates. "Other fees and commissions income" is the income earned from these activities.

Income accounting policy

The Group earns three main types of fees and commissions under contracts with customers. The first income type is single performance obligation contracts, such as transaction services, where the performance obligation is performed and consideration received in quick succession. Income from these contracts is recorded as the performance obligations are satisfied. The second income type is where contracts with the customer are for the performance of multiple obligations over time and the customer only benefits from delivery of all those obligations together over time, for example the provision of trustee services and services to funds under management. For these contracts, income is recognised over the service period. The third type of income is insurance intermediary income where the performance obligations are satisfied substantially at the time of referring the customer and economic benefits flow to the Group over time. The Group has estimated that nil income will be brought forward as a contract asset under these contracts due to the insufficient probability of the timing and amount of future income that will flow from these contracts. This income is therefore recorded when received.

2.3 Income from other activities

	30 June 2021 $'000	30 June 2020 $'000
Profit on sale of property, plant and equipment assets	-	3

2.4 Expenses

The following items are included within each item of specified expenses:

	30 June 2021 $'000	30 June 2020 $'000
Occupancy costs include:		
Operating lease payments	**(114)**	379
Depreciation - right of use lease assets	**2,934**	3,254
Depreciation - buildings and leasehold improvements	**362**	482
Technology costs include:		
Amortisation - computer software	**5,275**	4,874
Administration costs include:		
Depreciation - furniture, equipment and computer hardware	**276**	322
Restructure costs include (i):		
Depreciation - early termination of right-of-use lease assets	**1,215**	-
Termination payments	**952**	-
Loss on disposal of fit out costs	**248**	-
Other	**144**	-
Total restructure costs	**2,559**	-

(i) During the period, branches in Queensland were closed and properties in Northern Tasmania were consolidated. The restructure costs include the cost to early terminate leases and redundancy costs related to impacted staff.

Expense accounting policy

Depreciation and amortisation expense

The Group adopts the straight line method of depreciating property, plant and equipment and amortising intangible assets over the estimated useful lives, commencing from the time the asset is held ready for use. Leasehold improvements and right-of-use assets are depreciated over the shorter of either the unexpired expected term of the lease or the estimated useful life of the improvements. Estimated useful lives are:

Buildings	40 years
Office furniture, fittings & equipment	4-7 years
Building fit-out	4-15 years
Computer hardware	3 years
Software	3-10 years
Right-of-use assets	2-15 years

Each year the useful life of assets are evaluated. The remaining useful life of select core banking systems has been revised and extended in the current year as the Group has implemented significant increased functionality and, in turn, longevity of these sytems over their initial capacity. The revised remaining useful life is within the above stated parameters however the total life since original core system implementation is in excess of the above stated lives in some instances.

2.5 Earnings per share

	30 June 2021 cents	30 June 2020 cents
Basic earnings per share from continuing operations	**39.18**	32.86
Diluted earnings per share from continuing operations	**39.18**	32.86

Earnings per share accounting policy

Basic earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

The following table details the weighted average number of shares used in the calculation of basic and diluted earnings per share:

	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**92,761,685**	91,491,358

2.6 Dividends

	Date of payment	30 June 2021 $'000	30 June 2020 $'000
Dividends paid			
2019 Final dividend paid - 14.5 cents per share	1 Oct 2019	-	13,204
2020 Interim dividend paid - 14.25 cents per share	2 Apr 2020	-	13,036
2020 Final dividend paid - 0 cents per share	N/A	-	-
2021 Interim dividend paid - 12.5 cents per share	16 Mar 2021	**11,508**	-
Total dividends paid		**11,508**	26,240

The dividends paid during the year were fully franked at the 30 per cent corporate tax rate.

	30 June 2021 $'000	30 June 2020 $'000
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the period at 30%	**82,890**	67,568
Franking credits that will arise from the payment of income tax payable at the end of the period	**4,049**	2,314

Dividends not recognised at the end of the financial year

On 20 August 2021, the Directors resolved to pay a final dividend for the 2021 financial year of 13.0 cents per share or $13.686m total to be paid on 21 September 2021, fully franked at the 30 per cent corporate tax rate. This dividend has not been brought to account as the amount had not been determined at the reporting date. This dividend will reduce the balance of the franking account by $5.865m.

2.7 Segment financial information

Operations of reportable segments

The Group has identified two operating divisions and a corporate division, which are its reportable segments. These divisions offer different products and services and are managed separately. The Group's management committee review internal management reports for each of these divisions at least monthly.

Banking division

The Banking division's product offerings include lending; encompassing home loans, personal, overdraft, line of credit and commercial products, transactional savings accounts and fixed term deposits and insurance products. It delivers these products and services through its branch network, digital channels and third party channels. The Banking division is conducted by the MyState Bank Limited Group.

Wealth Management division

The Wealth Management division is a provider of funds management and trustee services. It operates predominantly within Tasmania. It holds $1.105 billion (2020: $1.069 billion) in funds under management on behalf of personal, business and wholesale investors as the responsible entity for eight managed investment schemes. The Wealth Management division is conducted by TPT Wealth Limited which is a trustee company licensed within the meaning of Chapter 5D of the *Corporations Act 2001* and is the only private trustee company with significant operations in Tasmania.

Corporate and consolidation division

The corporate division is responsible for the governance of the Group. The corporate division charges the operating divisions on a cost recovery basis for costs it has incurred. This division is also where eliminations are allocated between the Banking division and the Wealth Management division.

	Banking $'000	Wealth Management $'000	Corporate and Consolidation $'000	Total $'000
Year ended 30 June 2021				
Interest income	164,358	(12)	(10)	164,336
Interest expense	(52,370)	(2)	(13)	(52,385)
Other income				
Transaction fees	3,918	-	-	3,918
Loan fee income	4,674	-	-	4,674
Banking commissions	2,984	-	-	2,984
Other banking operations income	1,695	-	(320)	1,375
Funds management income	-	9,412	-	9,412
Other wealth management fees and commissions	-	4,206	-	4,206
Income from other activities	-	-	-	-
Total operating income	125,259	13,604	(343)	138,520
Expenses				
Personnel costs	27,241	6,338	6,036	39,615
Administration costs	20,999	2,964	(8,617)	15,346
Technology costs	14,893	1,017	290	16,200
Occupancy costs	4,532	144	87	4,763
Marketing costs	6,042	344	8	6,394
Governance costs	549	181	1,850	2,580
Impairment expense / (recovery)	(1,180)	185	-	(995)
Restructure costs (i)	2,277	282	-	2,559
Income tax expense	15,002	646	69	15,717
Segment profit for the year	34,904	1,503	(66)	36,341
Segment balance sheet information				
Segment assets	6,467,120	24,307	51,049	6,542,476
Segment liabilities	6,123,366	1,426	2,470	6,127,262

(i) Costs related to the restructure for the Banking Division are $2.277M and for the Wealth Management division are $0.282M. Refer to note 2.4 for further information.

	Banking $'000	Wealth Management $'000	Corporate and Consolidation $'000	Total $'000
Year ended 30 June 2020				
Interest income	188,105	182	43	188,330
Interest expense	(88,800)	(1)	(7)	(88,808)
Other income(i)				
Transaction fees	4,513	-	-	4,513
Loan fee income	4,462	-	-	4,462
Banking commissions	3,018	-	-	3,018
Other banking operations income	1,914	-	(208)	1,706
Funds management income	-	10,315	-	10,315
Other Wealth Management fees and commissions	-	5,321	-	5,321
Income from other activities	515	-	(512)	3
Total operating income	**113,727**	**15,817**	**(684)**	**128,860**
Expenses				
Personnel costs	27,267	6,107	4,043	37,417
Administration costs	19,272	2,951	(6,705)	15,518
Technology costs	14,067	563	121	14,751
Occupancy costs	5,070	359	32	5,461
Marketing costs	4,878	349	23	5,250
Governance costs	604	104	1,848	2,556
Impairment expense /(recovery)	4,888	33	-	4,921
Income tax expense	11,335	1,610	(19)	12,926
Segment profit for the year	**26,346**	**3,741**	**(27)**	**30,060**
Segment balance sheet information				
Segment assets	6,056,509	25,195	14,102	6,095,806
Segment liabilities	5,795,422	2,183	(36,121)	5,761,484

3.1 Capital management strategy

The Group's capital management strategy is to adhere to regulatory requirements and maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Group's capital management objectives are to:

- Comply with internal and regulatory capital requirements;
- Ensure sufficient capital resource is available to support the Group's business, operational and investment activities;
- Maintain balance sheet resilience to safeguard the Group's ability to continue as a going concern; and
- Support MyState Limited's and MyState Bank Limited's credit rating.

The Group's capital management policy considers each of internal, regulatory and rating agency capital requirements. Under APS 110 Capital Adequacy, the ultimate responsibility for the prudent management of capital resides with the Board of Directors. The Board must ensure that an appropriate level and quality of capital is maintained, commensurate with the type, amount and concentration of risk exposures.

The Group's regulatory capital requirements are measured on a Level 1 and Level 2 basis.

Level 1 is comprised of MyState Bank Limited (the ADI) and ConQuest 2010-1R.

Level 2 is comprised of the wider MyState Limited prudential group. This group includes MyState Limited (the non-operating holding company), MyState Bank Limited, Connect Asset Management Limited (the Securitisation programme Manager) and ConQuest 2010-1R.

All entities that are consolidated for accounting purposes are included within the Level 2 regulatory capital calculation except for certain securitisation vehicles and TPT Wealth Limited.

The Group has developed a detailed Internal Capital Adequacy Assessment Plan (ICAAP). This plan covers the capital requirements of the Group on a Level 1 and Level 2 basis (as previously described) as well as TPT Wealth Limited. The Group's capital position is monitored on a frequent basis and is reported to the Board monthly. The ICAAP also includes a three year forecast of capital adequacy which is prepared and submitted to the Board at least annually.

The ICAAP aims to ensure that adequate planning activities take place so that the Group is effectively capitalised. The ICAAP encompasses known financial events, dividend policy, capital raisings, securitisation and stress testing.

The Board has currently set a minimum total capital adequacy ratio of 12.5% for the Group. Capital adequacy of the Group on a level 2 basis is detailed in the following table:

	30 June 2021 $'000	30 June 2020 $'000
Qualifying capital		
Common equity tier 1 capital		
Paid-up ordinary share capital (i)	**208,197**	152,775
Retained earnings	**219,127**	197,231
Reserves excluding general reserve for credit losses	**44**	(310)
Total common equity tier 1 capital	**427,368**	349,696
Less: Regulatory adjustments		
Deferred expenditure including deferred tax assets	**24,818**	20,728
Goodwill and intangibles	**68,913**	72,006
Other deductions	**41,733**	42,297
Total regulatory adjustments	**135,464**	135,031
Net common equity tier 1 capital	**291,904**	214,665
Tier 2 capital		
Subordinated notes (ii)	**32,706**	30,769
General reserve for credit losses	**6,380**	6,826
Total capital	**330,990**	252,260
Risk weighted assets	**2,231,100**	1,939,372
Capital adequacy ratio	**14.84%**	13.01%

(i) On the 24th June 2021, the Group raised $24.2 million (5,628,573 shares at $4.30 each) under a retail entitlement offer. This followed an institutional entitlement offer and fully underwritten institutional placement (Placement) which raised $11.3 million and $20 million respectively (7,274,502 ordinary shares at $4.30 each) from existing and new institutional investors, on the 2nd June 2021.

(ii) On the 14th August 2015, the Group issued $25 million of floating rate subordinated notes ("notes"). The issuer was MyState Bank Limited. The notes had a term of 10 years to 14th August 2025, and paid interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 5% per annum. The issuer redeemed these notes on 14 August 2020 having obtained APRA's prior written approval.

On the 10th July 2020, the Group issued $25 million of floating rate subordinated notes ("notes"). The issuer was MyState Limited. The notes have a term of 10 years, maturing 10 July 2030, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 4.35% per annum. The issuer has the option to redeem these notes on 10 July 2025 and each quarterly interest payment date thereafter, and for certain regulatory events (in each case subject to APRA's prior written approval). On the same date, and with the same terms, MyState Bank Limited issued $25 million of floating rate subordinated notes to MyState Limited with terms identical to those issued by MyState Limited.

On the 28th September 2016, the Group issued $10 million of floating rate subordinated notes ("notes"). The issuer was MyState Bank Limited. The notes have a term of 10 years, maturing 28th September 2026, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 4.25% per annum. The issuer has the option to redeem all or some of the notes on 28th September 2021 and each quarterly interest payment date thereafter, and for certain regulatory events (in each case subject to APRA's prior written approval).

If APRA notifies the issuer that a non-viability trigger event has occurred, the notes will be converted into ordinary shares of MyState Limited, or written-off. For the notes issued on the 28th September 2016, the amount included in the Group's Level 2 Tier 2 regulatory capital is a percentage equal to that of the external interest in the Group's regulatory capital. The amount included in the Group's Level 1 Tier 2 regulatory capital is 100%. For the notes issued on the 10th July 2020, the amount included in the Group's Level 1 and Level 2 Tier 2 regulatory capital is 100%.

3.2 Financial risk management

Risk management is an integral part of the Group's business processes. The Board sets policy to mitigate risks and ensure the risk management framework is appropriate, to direct the way in which the Group conducts business. Promulgated Board approved policies ensure compliance throughout the business, which are monitored by way of a dedicated compliance system. Risk management plans exist for all documented risks within the Group and these plans are reviewed regularly by the Executive Management Team, the Group Risk Committee and the Board. Business units are accountable for risks in their area and are responsible for ensuring the appropriate assessment and management of these risks.

Risk exposure profile

The Group actively monitors a range of risks, which are not limited to, but include the following:

- Credit risk,
- Market risk; and
- Liquidity risk.

3.2.1 Credit risk

Approach to credit risk management

Credit risk arises within the Group's lending and treasury investment activities and is the risk that a counterparty may fail to complete its contractual obligations when they fall due.

The Group's approach to managing this risk is to separate prudential control from operational management by assigning responsibility for approval of credit exposures to specific individuals and management committees. The Group Risk Committee has oversight of credit risk exposures and the Enterprise Risk Committee monitors credit related activities through regular reporting processes, including monitoring large exposure to single groups and counterparties. The roles of funding and oversight of credit are separate.

Board approved lending policies guide the processes for all loan approvals by subsidiary operations. All loans over a designated amount, whether within delegated limits or not, are reported to the Group Risk Committee on a regular basis. Any loan outside of delegated limits must be approved by the Board prior to funding.

Maximum exposure to credit risk

The amounts disclosed in the following table are the maximum exposure to credit risk, before taking account of any collateral held or other credit enhancements. For financial assets recognised in the Statement of Financial Position, the exposure to credit risk equals their carrying amount. For customer commitments, the maximum exposure to credit risk is the full amount of the committed facility as at the reporting date.

	30 June 2021 $'000	30 June 2020 $'000
Cash and liquid assets	**80,266**	116,502
Due from other financial institutions	**31,859**	34,615
Other assets	**7,032**	6,762
Financial instruments	**707,166**	542,565
	826,323	700,444
Loans and advances	**5,607,300**	5,286,114
Customer commitments (i)	**200,392**	145,870
Maximum exposure to credit risk	**6,634,015**	6,132,428

(i) For further information regarding these commitments, refer to note 8.1.

The credit quality of financial assets has been determined based on Standard and Poor's credit ratings for financial assets other than loans and advances at amortised cost. For loans and advances at amortised cost, the assets identified as being "closely monitored" are those assets that are greater than 30 days past due. New facilities are loans that have been funded within the financial year.

	30 June 2021 $'000	30 June 2020 $'000
Credit quality of financial assets		
Financial assets other than loans and advances at amortised cost		
Equivalent S&P rating A+ and above	**476,364**	382,699
Equivalent S&P rating A and below	**349,959**	317,745
Loans and advances at amortised cost		
New Facilities - not closely monitored	**1,544,649**	1,304,934
New Facilities - closely monitored	**364**	591
Continuing facilities - not closely monitored	**4,036,862**	3,954,565
Continuing facilities - closely monitored	**25,425**	26,024
Total on balance sheet exposure to credit risk	**6,433,623**	5,986,558

Loans and advances at amortised cost past due analysis		
Not past due	**5,576,675**	5,254,085
Past due days:		
31 to 60 days	**11,492**	8,889
61 to 90 days	**5,760**	4,750
More than 90 days	**13,373**	18,390
Total loans and advances at amortised cost	**5,607,300**	5,286,114
Estimate of collateral held against past due assets	**45,588**	45,027

Estimate of collateral held

To mitigate credit risk, the bank (ADI) holds collateral against select loans and advances in the form of a mortgage charge over property. The bank can take possession of the security held against the loans and advances as a result of customer default. The collateral shown above is an estimate of the value of collateral held, it is not practicable to determine the fair value.

Credit quality is impacted by concentration risk created by the ensuing vulnerability of assets to similar conditions such as economic or political factors. The Group monitors the geographical diversification of its loans and advances. An analysis of this concentration of credit risk at the reporting date is shown in the following table:

	30 June 2021 $'000	30 June 2020 $'000
Tasmania	**2,223,256**	2,131,726
Victoria	**981,390**	918,936
New South Wales	**1,122,964**	1,105,970
Queensland	**1,106,049**	962,515
Western Australia	**77,467**	76,999
Australian Capital Territory	**50,601**	50,149
South Australia	**43,897**	41,088
Northern Territory	**7,094**	5,668
Gross loans and advances at amortised cost	**5,612,718**	5,293,051

There are no loans that individually represent 10% or more of shareholders' equity.

3.2.2 Market risk

Managing market risk

Market risk is the exposure to adverse changes in the value of the Group's portfolio as a result of changes in market prices or volatility. The Group is exposed primarily to interest rate risk.

Interest rate risk exposure

The operations of the ADI are subject to the risk of interest rate fluctuations as a result of mismatches in the timing of the repricing of interest rates on their assets and liabilities.

Value at Risk (VaR)

The following table indicates the VaR based on historical data. The Group estimates VaR as the potential loss in earnings from adverse market movements over a 20 day holding period to a 99% confidence level. VaR takes account of all material market variables that may cause a change in the value of the loan portfolio. Although an important tool for the measurement of market risk, the assumptions underlying the model are limited to reliance on historical data.

	30 June 2021 $'000	30 June 2020 $'000
Value at risk (post-tax) based on historic data		
Average	**1,531**	1,533
Minimum	**980**	1,076
Maximum	**2,999**	2,111

Derivatives

The Group is exposed to changes in interest rates. The only derivative instruments currently entered into by the Group are interest rate swaps. The Group protects its portfolio of fixed rate loans, and exposure to variable rate debt obligations, by paying fixed rates to swap providers and receiving variable rates in return. The variable receipts mitigate the exposure to interest rate changes that will impact on the Group's variable rate payment obligations.

Derivatives accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets. Movements in the carrying amounts of derivatives are recognised in the Consolidated Income Statement, unless the derivative meets the requirements for hedge accounting.

The Group documents the relationship between the hedging instruments and hedged items at inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment of whether the derivatives used in hedging transactions have been or will continue to be, highly effective in offsetting changes in the fair values or cash flows of hedged items. This assessment is carried out both at inception and on a monthly basis.

Cash flow hedges

The Group has cash flow hedges that are used to hedge the variability of interest rates in relation to certain liabilities. These derivative instruments are established with terms that exactly match the terms of the liability designated as the hedged item and therefore form highly effective relationships. The portion of the liability designated in the hedging relationship is determined by reference to specific fixed rate assets within the loan portfolio. Sources of ineffectiveness are limited to credit risk of parties to the relationship. The Group tests for ineffectiveness each month. The variability in fair values attributable to an item designated as a cash flow hedge is recognised in Other Comprehensive Income to the extent of the hedge's effectiveness. Any ineffective portion of the change in the fair value of a derivative is recognised immediately in the Consolidated Income Statement.

Derivatives that do not qualify for hedge accounting

If a derivative expires or is sold, terminated, or exercised, or no longer meets the criteria for hedge accounting, or the designation is revoked, then hedge accounting is discontinued and the amount recognised in Other Comprehensive Income remains in Other Comprehensive Income until the forecast transaction affects the Consolidated Income Statement. If the forecast transaction is no longer expected to occur, it is reclassified to the Consolidated Income Statement as a reclassification adjustment.

When a derivative is not designated in a qualifying relationship, all changes in its fair value are recognised immediately in the Consolidated Income Statement, as a component of net income from other financial instruments carried at fair value.

3.2.3 Liquidity risk

Managing liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial and statutory obligations as they fall due, which could arise due to mismatches in cash flows.

The Group maintains a portfolio of highly marketable assets that can be liquidated in the event of an unforeseen interruption of cash flows. The Group also has committed lines of credit that it can access to meet its liquidity needs. Liquidity scenarios are calculated under stressed and normal operating conditions, to assist in anticipating cash requirements providing adequate reserves.

The Group's objective is to manage its funds in a way that will facilitate growth in core business under a wide range of market conditions. The Group maintains, and adheres to, an Internal Risk Management Framework (LRMF). This process includes acknowledgements of liquidity risks within the Group and justification of the amount of liquidity that is being held based on the liquidity risk profile of the organisation.

Group Treasury is responsible for implementing liquidity risk management strategies in accordance with the LRMF. The Group's Assets and Liabilities Committee (ALCO) assists the Board with oversight of asset and liability management including liquidity risk management. The Group's liquidity policies are approved by the Board after endorsement by the Group Risk Committee and the Banking Group's ALCO.

On the 19th of March 2020 the RBA established a Term Funding Facility (TFF) that offered ADI's three-year funding at a rate of 0.25% per annum to support the Australian economy through COVID-19. MyState Bank, the Group's ADI, was granted an allowance of $109.032 million which was fully drawn ahead of the 30 September 2020 deadline.

On the 1st September 2020, the RBA announced changes to the TFF, including a Supplementary Allowance that provided ADI's additional three year funding at a rate of 0.10%. MyState Bank was granted an allowance of $75.650 million which was fully drawn ahead of the 30 June 2021 deadline.

The combined drawn amount as at the reporting date of $184.682 million is reported within "term deposits". Funding obtained under the TFF has been secured by $219.350 million of eligible asset backed self-securitisation. The funding was drawn down progressively and will therefore be able to be repaid progressively at the end of each respective three year term.

Liquidity risk exposures

The Group is exposed to liquidity risk primarily through its banking activities. The Group's contractual cash flows associated with its financial liabilities and hedging derivatives, within relevant maturity groupings is as follows. These are presented on an undiscounted basis and, therefore, will not agree to amounts presented on the Consolidated Statement of Financial Position as they incorporate principal and associated future interest payments.

	On demand $'000	< 3 months $'000	3 months to 1 year $'000	1 year to 5 years $'000	> 5 years $'000	Total $'000
2021						
At call deposits	**2,965,447**	**-**	**-**	**-**	**-**	**2,965,447**
Due to other financial institutions	**-**	**18,821**	**-**	**-**	**-**	**18,821**
Term deposits	**-**	**632,137**	**807,082**	**242,796**	**-**	**1,682,015**
Negotiable certificates of deposit	**-**	**281,279**	**-**	**-**	**-**	**281,279**
Subordinated notes	**-**	**380**	**1,141**	**6,087**	**50,335**	**57,943**
Floating rate notes	**-**	**253**	**1,013**	**55,065**	**-**	**56,331**
Securitisation liabilities	**-**	**82,541**	**247,622**	**808,855**	**-**	**1,139,018**
Contractual amounts payable	**2,965,447**	**1,015,411**	**1,056,858**	**1,112,803**	**50,335**	**6,200,854**
Derivative liability	**-**	**163**	**1,922**	**13,775**	**-**	**15,860**
2020						
At call deposits	1,986,905	-	-	-	-	1,986,905
Due to other financial institutions	-	25,617	-	-	-	25,617
Term deposits	-	1,025,116	920,749	38,756	-	1,984,621
Negotiable certificates of deposit	-	219,096	9,965	-	-	229,061
Subordinated notes	-	427	1,281	6,830	35,710	44,248
Securitisation liabilities	-	92,130	276,391	1,206,010	-	1,574,531
Contractual amounts payable	**1,986,905**	**1,362,386**	**1,208,386**	**1,251,596**	**35,710**	**5,844,983**
Derivative liability	**-**	**122**	**1,410**	**8,753**	**-**	**10,285**

Contractual maturity of assets and liabilities

The contractual maturities of the Group's financial assets and liabilities as at the reporting date are contained in the following table. The Group expects that certain assets and liabilities will be recovered or settled at maturities which are different to their contractual maturities.

	30 June 2021			30 June 2020		
	< 12 months $'000	> 12 months $'000	Total $'000	< 12 months $'000	> 12 months $'000	Total $'000
Financial assets						
Cash and liquid assets	**80,266**	**-**	**80,266**	116,502	-	116,502
Due from other financial institutions	**31,859**	**-**	**31,859**	34,615	-	34,615
Other assets	**7,032**	**-**	**7,032**	6,762	-	6,762
Financial instruments	**351,018**	**356,148**	**707,166**	313,261	229,304	542,565
Loans and advances (i)	**66,042**	**5,541,258**	**5,607,300**	69,741	5,216,373	5,286,114
Total financial assets	**536,217**	**5,897,406**	**6,433,623**	**540,881**	**5,445,677**	**5,986,558**
Financial liabilities						
Due to other financial institutions	**(18,821)**	**-**	**(18,821)**	(25,617)	-	(25,617)
Other liabilities	**(20,605)**	**-**	**(20,605)**	(21,165)	-	(21,165)
Deposits	**(4,685,945)**	**(242,796)**	**(4,928,741)**	(3,895,668)	(304,919)	(4,200,587)
Subordinated notes	**-**	**(34,662)**	**(34,662)**	-	(34,808)	(34,808)
Floating rate notes	**-**	**(49,976)**	**(49,976)**	-	-	-
Securitisation liabilities	**(267,457)**	**(798,958)**	**(1,066,415)**	(368,521)	(1,100,862)	(1,469,383)
Total financial liabilities	**(4,992,828)**	**(1,126,392)**	**(6,119,220)**	**(4,310,971)**	**(1,440,589)**	**(5,751,560)**
Net contractual amounts receivable / (payable)	**(4,456,611)**	**4,771,014**	**314,403**	**(3,770,090)**	**4,005,088**	**234,998**

(i) Contractual recovery is subject to evolving regulatory and industry support for counterparties requesting such support, as at the reporting date, the primary support provided to borrowers is repayment deferral periods.

3.3 Average balance sheet and sources of net interest income

The following table shows the major categories of interest-earning assets and interest-bearing liabilities, together with their respective interest earned or paid by the Group and the average interest rates. Averages are calculated based on the balance at each month end.

	30 June 2021			30 June 2020		
	Average balance $'000	Interest $'000	Average rate %	Average balance $'000	Interest $'000	Average rate %
Average assets and interest income						
Interest-earning assets						
Cash and liquid assets	**102,751**	**21**	**0.02%**	94,219	241	0.26%
Financial instruments	**608,672**	**3,403**	**0.56%**	494,983	7,175	1.45%
Loans and advances [(i)]	**5,173,127**	**160,912**	**3.11%**	4,873,672	180,914	3.71%
Total average interest-earning assets	**5,884,550**	**164,336**	**2.79%**	**5,462,874**	**188,330**	**3.45%**
Non-interest earning assets	**141,968**	**-**	**-**	145,239	-	-
Total average assets	**6,026,518**	**164,336**	**2.73%**	**5,608,113**	**188,330**	**3.36%**
Average liabilities and interest expense						
Interest-bearing liabilities						
Deposits and derivatives	**4,563,415**	**30,861**	**0.68%**	4,033,629	54,751	1.36%
Notes and bonds on issue	**1,300,339**	**20,206**	**1.55%**	1,457,203	32,849	2.25%
Total average interest-bearing liabilities	**5,863,754**	**51,067**	**0.87%**	**5,490,832**	**87,600**	**1.60%**
Non-interest bearing liabilities	**42,846**	**-**	**-**	53,338	-	-
Total average liabilities	**5,906,600**	**51,067**	**0.86%**	**5,544,170**	**87,600**	**1.58%**
Reserves	**332,453**	**-**	**-**	310,388	-	-
Total average liabilities and reserves	**6,239,053**	**51,067**	**0.82%**	**5,854,559**	**87,600**	**1.50%**

(i) The offset account average balance included in Loans and advances is $232.382 million (2020: $264.109 million).

4.1 Cash and liquid assets

	30 June 2021 $'000	30 June 2020 $'000
Notes, coins and cash at bank	**75,469**	110,831
Other short term liquid assets	**4,797**	5,671
Total cash and liquid assets	**80,266**	116,502
Reconciliation of profit for the year to net cash provided by operating activities		
Profit for the year	**36,341**	30,060
Add / (less) items classified as investing / financing activities or non-cash items:		
Depreciation of property, plant and equipment	**638**	804
Depreciation of right of use assets	**3,626**	3,254
Amortisation of intangible assets	**5,275**	4,874
Loss / (gain) on sale of equipment	**248**	143
Bad and doubtful debts expense net of recoveries	**(995)**	4,921
Share based payment	**501**	234
Tax movement within reserves	**(130)**	55
Changes in assets and liabilities:		
Decrease / (increase) in due from other financial institutions	**2,756**	(43,070)
Decrease / (increase) in loans and advances	**(320,192)**	(237,944)
Decrease / (increase) in financial instruments	**(164,167)**	(93,416)
Decrease / (increase) in other assets	**(270)**	642
Decrease / (increase) in deferred tax assets	**(614)**	(1,153)
Increase / (decrease) in due to other financial institutions	**(4,619)**	(13,138)
Increase / (decrease) in deposits and other borrowings	**325,186**	408,772
Increase / (decrease) in employee benefits provisions	**(434)**	291
Increase / (decrease) in tax liabilities	**(5,444)**	1,034
Net cash flows used in operating activities	**(122,294)**	66,363

Cash and liquid assets accounting policies

Cash and liquid assets

Cash and liquid assets in the Consolidated Statement of Financial Position and for the purposes of the Consolidated Statement of Cash Flows comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, net of outstanding bank overdrafts. Cash flows arising from deposits, share capital, investments, loans to subsidiaries and investments in associates are presented on a net basis in the Statement of Cash Flows.

Cash Flow statement

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

- Customer deposits and withdrawals from savings and fixed-term deposit accounts;
- Movements in investments;
- Amounts due to and from other financial institutions;
- Customer loans and advances; and
- Dividends paid.

Where operational income and expense accruals and prepayments are included in the above line items, the movements will differ between the statement of financial position and the disclosure in this note.

4.2 Financial instruments

	30 June 2021 $'000	30 June 2020 $'000
Financial instruments at amortised cost		
Negotiable certificates of deposits	**317,703**	298,616
Term deposits	**35,700**	35,700
Floating rate notes	**353,258**	207,178
Other deposits	**1,068**	2,117
Total financial instruments at amortised cost	**707,729**	543,611
Financial instruments at fair value		
Derivatives	**(563)**	(1,046)
Other financial instruments at fair value	**-**	-
Total financial instruments	**707,166**	542,565

Financial instruments accounting policies

Financial instruments at amortised cost

Financial instruments at amortised cost are those non-derivative financial assets that the Group has acquired with the objective of holding in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments at fair value

Financial instruments other than those carried at amortised cost, are carried at their fair value at the reporting date. Note 4.7 contains information on how the Group determines fair values. Fair value gains and losses are recognised in comprehensive income until the derecognition date, at which point the net gains and losses are transferred to profit or loss for that instrument.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired, or where the Group has transferred its contractual rights to receive the cash flows of the financial assets and substantially all the risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

4.3 Loans and advances

	30 June 2021 $'000	30 June 2020 $'000
Classification of loans and advances at amortised cost		
Residential loans secured by mortgage	**5,468,427**	5,119,511
Personal loans and unsecured overdrafts	**46,989**	67,351
Overdrafts secured by mortgage	**29,200**	35,398
Commercial loans	**68,102**	70,791
Total loans and advances at amortised cost	**5,612,718**	5,293,051
Specific provision for impairment	**50**	305
Collective provision for impairment	**5,368**	6,632
Total loans and advances at amortised cost net of provision for impairment	**5,607,300**	5,286,114

Loans and advances at amortised cost accounting policy

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and advances". Loans and advances are recognised on trade date and are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Provision for impairment

	30 June 2021 $'000	30 June 2020 $'000
Provision for impairment		
Specific provision for impairment		
Opening balance	**305**	266
Net specific provision funding	**(255)**	39
Write-off of previously provisioned facilities	**-**	-
Closing balance of specific provision for impairment	**50**	305
Collective provision for impairment		
Opening balance	**6,632**	2,098
Net collective provision funding	**(1,037)**	4,595
Write-off of previously provisioned facilities	**(227)**	(61)
Closing balance of collective provision for impairment	**5,368**	6,632
Charge to profit for impairment on loans and advances		
Increase / (decrease) in specific provision for impairment	**(255)**	39
Increase / (decrease) in collective provision for impairment	**(1,037)**	4,595
Bad debts recovered	**(675)**	(831)
Bad debts written off directly	**972**	1,118
Less charge related to discontinued operation	**-**	-
Total impairment (recovery) / expense on loans and advances	**(995)**	4,921

The Group has undertaken a review of the expected credit loss of its lending portfolios against relevant specific economic conditions under varying scenarios. The review considered the macroeconomic outlook, customer credit quality, the quality of collateral held and exposure at default as at the reporting date. These model inputs including forward-looking information have been revised in recognition that COVID-19 is a key driver of the estimates therein. The modelled expected credit loss (ECL) is sensitive to the speed and resilience of post-COVID-19 economic normalisation, and the longevity of any monetary and fiscal intervention, as these influence both the probability of default, and the value of collateral that may be utilised. Whilst the inputs have been revised, the underlying methodology for calculating the ECL is consistently applied in the current and comparative period as described in the 'Impairment of financial assets accounting policy' presented below.

In arriving at the reported ECL, the following assumptions have been considered the more probable outcome as at the reporting date:

- Australian unemployment rates to return to pre-COVID-19 levels of approximately 5% in the 2022 financial year and remaining stable as economic activity returns gradually towards normalised levels.
- Australian house prices increase by approximately 6% in the 2022 financial year and 5% in 2023 calendar year.
- The Reserve Bank of Australia maintaining the cash rate at historic lows until 2023 to continue to support economic activity in this COVID-19 environment.

Given the more recent COVID-19 outbreaks and resulting lock downs in mainland Australia, future economic conditions that result in outcomes that differ from the current estimate are possible and will be accounted for in future periods.

Impairment of financial assets accounting policy

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. The primary source of credit risk for the Group arises on its loan portfolio. In relation to this portfolio, the Group maintains a specific provision and a collective provision.

Specific provisions for impairment are made against individual risk rated credit facilities where a loss is expected. The provisions are measured as the difference between a financial asset's carrying amount and the expected future cash flows.

All other loans and advances that do not have an individually assessed provision are assessed collectively for impairment. The collective provisions are calculated using an Expected Credit Loss (ECL) model. This model is forward looking and does not require evidence of an actual loss event for impairment provisions to be recognised.

The Group applies a three-stage approach to measuring the ECL based on credit risk since origination. The Group estimates ECL through modelling the probability of default, loss given default and exposure at default, as follows:

Stage 1 - Performing - This category includes financial assets that have not experienced a significant increase in credit risk since their origination. For these financial assets an allowance equivalent to 12 month's ECL is recognised, which represents the credit losses expected to arise from defaults occurring over the next 12 months.

Stage 2 - Under-performing - This category includes financial assets that have experienced a significant increase in credit risk since their origination and are not credit impaired. For these financial assets an allowance equivalent to lifetime ECL is recognised. Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of the financial assets.

Stage 3 - Non-performing (impaired) - This category includes financial assets that are credit impaired. The provision is also equivalent to the lifetime ECL. The difference to the provision calculated on stage 2 loans is that the stage 3 loan calculation is not discounted over a future period, but rather the provision is calculated at nominal value.

Financial assets in stage 1 and stage 2 are assessed for impairment collectively, whilst those assets in stage 3 are subject to either collective or specific impairment assessment.

Significant changes in credit risk

Significant increases in credit risk for financial assets are assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination. In determining what constitutes a significant increase in credit risk, the Group considers qualitative and quantitative information. The judgement to determine this is primarily based on changes in internal customer risk grades since origination of the facility. For all of the Group's loan portfolios, in addition to the primary indicator, a mathematical model has been developed to identify where a facility's recent behaviour has deteriorated significantly from its original behaviour.

Key judgements and estimates made by the Group include the following:

Forward looking information

The measurement of expected credit losses needs to reflect an unbiased probability-weighted range of possible future outcomes. AASB 9 provides limited guidance on how to meet this requirement and consequently, the Group has developed an approach considered appropriate for its credit portfolio, informed by emerging market practices.

In applying forward looking information in its AASB 9 credit models, the Group considered three alternate economic scenarios (base case, strong recovery and moderate recession), to ensure a sufficient unbiased representative sample is included in estimating ECL. At 30 June 2021, the forward looking component of the collective provision for doubtful debts is $1.473m (2020: $2.510M).

4.4 Transfer of financial assets (securitisation program)

Some loans and advances to customers are sold by the Group to securitisation vehicles. The transfer takes the form of the Group assuming an obligation to pass cash flows from the underlying assets to investors in the notes. The Group utilises its securitisation program to provide regulatory capital relief and funding diversification.

The following table sets out the carrying values at the transaction date of financial assets transferred during the financial year in this manner to vehicles that provide regulatory capital relief and the value of the associated liabilities issued from the vehicles. This table does not include transfer of assets to the securitisation vehicle in which the Group is the bond holder.

	30 June 2021 $'000	30 June 2020 $'000
Transferred financial assets:		
Loans and advances	-	541,940
Associated financial liabilities		
Securitisation liabilities to external investors	-	528,081

Transfer of financial assets accounting policy

Once assets are transferred to a securitisation vehicle, the Group does not have the ability to use the transferred assets during the term of the arrangement. The Group does not have any loans transferred to unconsolidated securitisation vehicles.

The consolidated securitisation vehicles generally transfer all the risks and rewards of ownership of the assets to the investors in the notes. However, derecognition of the transferred assets from the Group is prohibited because the cash flows that the securitisation vehicles collect from the transferred assets on behalf of the investors are not passed to them without material delay. In these cases, the consideration received from the investors in the notes in the form of cash is recognised as a financial asset and a corresponding financial liability is recognised. The investors in the notes have recourse only to the cash flows from the transferred financial assets.

4.5 Deposits and other borrowings including subordinated notes

	30 June 2021 $'000	30 June 2020 $'000
Deposits		
At call deposits	**2,965,447**	1,986,905
Term deposits	**1,682,015**	1,984,621
Negotiable certificates of deposit	**281,279**	229,061
Total deposits	**4,928,741**	4,200,587
Other borrowings		
Subordinated notes(i)	**34,662**	34,808
Floating rate notes(ii)	**49,976**	-
Securitisation liabilities	**1,066,415**	1,469,383
Total deposits and other borrowings including subordinated notes	**6,079,794**	5,704,778
Concentration of deposits:		
Customer deposits	**4,462,773**	3,941,537
Wholesale deposits	**465,968**	259,050
Subordinated notes(i)	**34,662**	34,808
Floating rate notes(ii)	**49,976**	-
Securitisation liabilities	**1,066,415**	1,469,383
Total deposits	**6,079,794**	5,704,778

(i) Refer to note 3.1 (ii) for details regarding the subordinated notes issue.
(ii) On the 16th June 2021, floating rate notes with a face value of $50m and term of 4 years were issued to MyState Limited.
There are no customers who individually have deposits which represent 10% or more of total liabilities.

Deposits and other borrowings accounting policy

Deposits and other borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Group does not currently hold any financial liabilities at fair value.

4.6 Other liabilities

	30 June 2021 $'000	30 June 2020 $'000
Trade payables and related accruals	**8,699**	6,502
Lease liabilities	**11,906**	14,663
Total other liabilities	**20,605**	21,165

Lease liabilities

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate).

Lease payments are allocated between principal and interest expense. Interest expense is recognised as a financing cost within interest expense (refer note 2.1) in the income statement over the lease period. Any variable lease payments not included in the measurement of the lease liability are also recognised in the income statement in the period in which the event or condition that triggers those payments occurs. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee. When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the Right-of-use (ROU) asset, or, in the income statement, where the carrying value of the ROU asset has been fully written down. The ROU asset is recorded in property, plant and equipment and right-of-use assets (refer to note 5.1).

4.7 Fair value of financial instruments

Classification of financial instruments

Cash and liquid assets and amounts due from financial institutions are carried at cost. As these assets are short term assets, their cost is considered to approximate their fair value.

The following financial assets and liabilities are also carried at amortised cost:

- Financial instruments;
- Loans and advances;
- Deposits; and
- Other borrowings.

The aggregate net fair value of financial assets and financial liabilities which are carried at amortised cost is:

	30 June 2021		30 June 2020	
	Carrying value $'000	Net fair value $'000	Carrying value $'000	Net fair value $'000
Financial assets				
Financial instruments	**707,729**	**725,199**	543,611	543,339
Loans and advances	**5,607,300**	**5,613,341**	5,286,114	5,295,507
Total financial assets	**6,315,029**	**6,338,540**	**5,829,725**	**5,838,846**
Financial liabilities				
Deposits	**4,928,741**	**4,928,719**	4,200,587	4,203,504
Other borrowings including subordinated notes	**1,151,053**	**1,150,973**	1,504,191	1,504,191
Total financial liabilities	**6,079,794**	**6,079,692**	**5,704,778**	**5,707,695**

Fair value hierarchy

The level in the fair value hierarchy of the inputs used in determining the fair values is shown below. The fair value of these assets is:

Level 1 - inputs that are prices quoted for identical instruments in active markets;

Level 2 - inputs based on observable market data other than those in level 1; and

Level 3 - inputs for which there is no observable market data.

Where the expected maturity is in excess of 12 months, the fair value is discounted to its present value. During the year, there have been no material transfers between levels of the fair value hierarchy.

	Level 1 value $'000	Level 2 value $'000	Level 3 value $'000	Total value $'000
2021				
Financial assets				
Financial instruments	**-**	**725,199**	**-**	**725,199**
Loans and advances	**-**	**-**	**5,613,341**	**5,613,341**
Financial liabilities				
Deposits	**-**	**4,928,719**	**-**	**4,928,719**
Other borrowings including subordinated notes	**-**	**1,150,973**	**-**	**1,150,973**
2020				
Financial assets				
Financial instruments	-	543,339	-	543,339
Loans and advances	-	-	5,295,507	5,295,507
Financial liabilities				
Deposits	-	4,203,504	-	4,203,504
Other borrowings including subordinated notes	-	1,504,191	-	1,504,191

The Group has performed a VaR analysis at note 3.2, Market risk. VaR takes account of all material market variables that may cause a change in the value of the loan portfolio, being 100% of Level 3 inputs.

5.1 Property, plant and equipment and right-of-use assets

	30 June 2021 $'000	30 June 2020 $'000
Land and buildings		
At revalued amount	**7,351**	12,890
Accumulated depreciation	**(6,629)**	(8,202)
	722	4,688
Plant and equipment		
At cost	**5,433**	5,395
Accumulated depreciation	**(4,826)**	(4,567)
	607	828
Right-of-use assets - land and buildings		
At cost	**14,938**	16,429
Accumulated depreciation	**(4,589)**	(2,454)
	10,349	13,975
Total property, plant and equipment	**11,678**	19,491

Property, plant and equipment accounting policy

Land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses. Independent valuations are performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the Consolidated Statement of Financial Position date. Fair value, is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Consolidated Statement of Financial Position, unless it reverses a revaluation decrease of the same asset previously recognised in the Consolidated Income Statement. Any revaluation deficit is recognised in the Consolidated Income Statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

Plant and equipment and right-of-use (ROU) assets

Plant and equipment and right-of-use assets, including leasehold improvements, are measured at cost less accumulated depreciation and any impairment in value. The cost of ROU assets correspond to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date net of any lease incentives received and initial direct costs.

Impairment of property, plant and equipment and right-of-use assets

The carrying values of property, plant and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Derecognition of property, plant and equipment and right of use assets

An item of property, plant and equipment or right-of-use asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Income Statement in the year the item is derecognised.

5.2 Investment property

	30 June 2021 $'000	30 June 2020 $'000
Land and buildings		
At revalued amount	**5,293**	-
Accumulated depreciation	**(1,492)**	-
	3,801	-
Total investment property	**3,801**	-

Investment property accounting policy

Land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses. Independent valuations are performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the Consolidated Statement of Financial Position date. Fair value, is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Consolidated Statement of Financial Position, unless it reverses a revaluation decrease of the same asset previously recognised in the Consolidated Income Statement. Any revaluation deficit is recognised in the Consolidated Income Statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

5.3 Intangible assets and goodwill

	Goodwill $'000	Software $'000	Total $'000
Year ended 30 June 2021			
At 1 July 2020, net of accumulated amortisation	**65,152**	**19,319**	**84,471**
Additions	**-**	**4,282**	**4,282**
Disposals	**-**	**-**	**-**
Amortisation	**-**	**(5,275)**	**(5,275)**
At 30 June 2021, net of accumulated amortisation	**65,152**	**18,326**	**83,478**
At 30 June 2021			
Cost (gross carrying amount less impairment)	**65,152**	**19,319**	**84,471**
Accumulated amortisation	**-**	**(993)**	**(993)**
Net carrying amount	**65,152**	**18,326**	**83,478**
Year ended 30 June 2020			
At 1 July 2019, net of accumulated amortisation	65,152	19,827	84,979
Additions	-	4,425	4,425
Disposal	-	(59)	(59)
Amortisation	-	(4,874)	(4,874)
At 30 June 2020, net of accumulated amortisation	**65,152**	**19,319**	**84,471**
At 30 June 2020			
Cost (gross carrying amount less impairment)	65,152	36,784	101,936
Accumulated amortisation	-	(17,465)	(17,465)
Net carrying amount	**65,152**	**19,319**	**84,471**

Intangibles accounting policy

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or infinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Consolidated Income Statement. Certain costs directly incurred in acquiring and developing software are capitalised and amortised over the estimated useful life.

Intangible assets are tested for impairment where an indicator of impairment exists and, in the case of indefinite life intangibles (limited to Goodwill), annually, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Goodwill is treated as an indefinite life intangible, software and other intangibles. Refer to note 2.4 Expenses for the useful life of tangible and intangible assets.

Impairment testing of Goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's two cash-generating units (CGU's) the Banking Business and the Wealth Management Business. These CGU's represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each CGU for the purpose of impairment testing is as follows:

	30 June 2021 $'000	30 June 2020 $'000
Banking Business	**40,189**	40,189
Wealth Management Business	**24,963**	24,963
Total goodwill	**65,152**	65,152

The Group's assessment of goodwill value-in-use exceeds the carrying value allocated to the CGU's and included in the financial statements.

The recoverable amounts for each CGU's value-in-use was determined using cash flow projections from Board approved financial budgets for the year ending 30 June 2022. Growth rates have been applied from year two through to year ten. Cash flows are projected by undertaking detailed calculations for each income and expense category over a five year period and are then extrapolated off the 5th year, which is the lowest point of growth. An exit value is calculated at the end of 10 years, based on an implied terminal value earnings multiple of 9.7 and 12.0 for the Banking Business and the Wealth Management Business respectively, and a long-term growth rate not exceeding industry. A post-tax discount rate of 9.9% (14.1% pre-tax) and 8.0% (11.4% pre tax) was used for the Banking Business and the Wealth Management Business respectively. Certain income categories are modelled by projecting growth in relevant portfolio balances and the resulting income derived there-from. Other non-portfolio related income streams and expense categories are modelled by projecting real rates of growth (above inflation) for each category. Terminal value is determined at year ten using the assumption that the CGU achieves no real growth above inflation into perpetuity. The growth rates applied do not exceed the long-term average growth rate for the business which the CGU operates. The discount rate used of 9.9% reflects the Group's post-tax nominal weighted average cost of capital, which has been reviewed by externally engaged advisers and approved by the Board. Average inflation is projected to be 2.2%. The method for determining value-in-use is consistent with that adopted in the comparative period.

The key assumptions adopted in assessing Banking's value-in-use are the rate of growth in the balance of the housing loan portfolio and the outlook for net interest margin (NIM). Taking into account management's past experiences and external evidence, the assumptions that have been adopted for both of these components are considered to be conservative. NIM projections reflect the current low interest rate environment. Management expects that, over time, these assumptions will be positively exceeded and that any reasonably possible change to assumptions used in Management's assessment will not result in impairment.

The key assumption adopted in assessing Wealth Management's value-in-use is the rate of growth in income derived from management fee (MF) income. MF income is derived from its activities as the responsible entity for various Managed Investment Schemes (MIS). MF income derived is directly related to the portfolio balances of the MIS. Other sources of income for the Wealth Management Business are its Trustee Services divisions. Taking into account Management's past experiences and external evidence, the assumptions adopted are considered reasonable and conservative. Management's assessment of Wealth Management's value-in-use exceeds its carrying value. Any reasonably possible change to assumptions used in Management's assessment will not result in impairment.

Goodwill accounting policy

Goodwill on the acquisition of businesses is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of CGU's) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of subsidiaries accounting policy

Investments in subsidiaries are tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount (which is the higher of fair value less costs to sell and value in use). At each balance sheet date, the investments in subsidiaries that have been impaired are reviewed for possible reversal of the impairment.

5.4 Employee benefits provisions

	30 June 2021 $'000	30 June 2020 $'000
Balances		
Provision for annual leave	**2,006**	2,194
Provision for long service leave	**3,234**	3,480
Total employee benefits provisions	**5,240**	5,674
Due to be settled within 12 months	**3,879**	4,304
Due to be settled in more than 12 months	**1,361**	1,370
Total employee benefits provisions	**5,240**	5,674

Employee benefits accounting policy

Liabilities for salaries, wages and annual leave are recognised in respect of employees' service up to the reporting date. Where settlement is expected to occur within twelve months of the reporting date, the liabilities are measured at their nominal amounts based on the remuneration rates which are expected to be paid when the liability is settled. Where settlement is expected to occur later than twelve months from reporting date, the liabilities are measured at the present value of payments which are expected to be paid when the liability is settled.

A liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

5.5 Share capital

	30 June 2021 $'000	30 June 2020 $'000
Issued and paid up ordinary shares	**208,196**	152,775

	30 June 2021		30 June 2020	
	Number of shares	Amount $'000	Number of shares	Amount $'000
Movements in ordinary share capital				
Opening balance	**92,008,862**	**152,775**	91,040,545	148,707
Shares issued pursuant to the				
- Group employee share scheme	**21,853**	**84**	18,885	88
- Executive long term incentive plan	**34,063**	**167**	41,310	170
- Dividend reinvestment plan	**307,239**	**1,397**	908,122	3,810
- Institutional placement and entitlement offer	**7,274,502**	**31,280**	-	-
- Retail entitlement offer	**5,628,573**	**24,203**	-	-
- Less: Share issue transaction costs, net of tax	**-**	**(1,710)**	-	-
Closing balance	**105,275,092**	**208,196**	92,008,862	152,775

Terms and conditions

Ordinary shares have the right to receive dividends as declared from time to time and, in the event of a winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares and amounts paid up on the shares held. Ordinary shares entitle their holder to one vote per share, either in person or by proxy at meetings of the Company.

The Company does not have authorised capital or par value in respect of its issued shares.

The Group offers share based remuneration, refer to note 7.3 and the Remuneration Report for further information regarding these arrangements.

6.1 Income tax expense, current and deferred tax balances

	30 June 2021 $'000	30 June 2020 $'000
The major components of income tax expense /(benefit) are:		
Income tax expense		
Current income tax charge	**14,794**	14,343
Adjustment in respect of current income tax of previous years	**78**	117
Adjustments in respect of deferred income tax of previous years	**(10)**	(141)
Adjustments in respect of equity / goodwill	**611**	50
Relating to origination and reversal of temporary differences	**244**	(1,443)
Total income tax expense	**15,717**	12,926
A reconciliation between tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Income tax expense attributable to:		
Accounting profit before income tax	**52,058**	42,986
The income tax expense comprises amounts set aside as:		

	30 June 2021 $'000	30 June 2020 $'000
Provision attributable to the current year at the statutory rate of 30%, being:		
- Prima facie tax on accounting profit before tax	**15,617**	12,896
- Under / (over) provision in prior year	**63**	(24)
Expenditure not allowable for income tax purposes	**36**	31
Other	**1**	23
Income tax expense reported in the consolidated income statement	**15,717**	12,926
Total income tax expense	**15,717**	12,926
Weighted average effective tax rates	**30.2%**	30.1%
Deferred income tax relates to the following:		
Deferred tax assets		
Employee entitlements	**1,572**	1,702
Provisions	**221**	227
Doubtful debts	**1,662**	1,990
Other	**2,445**	1,367
Total deferred tax assets	**5,900**	5,286
Current tax receivable	**3,996**	-
Total tax assets	**9,896**	5,286
Deferred tax liabilities		
Financial assets at fair value	**68**	68
Property, plant and equipment	**2,387**	1,342
Other	**347**	534
Total deferred tax liabilities	**2,802**	1,944
Current tax payable	**-**	2,306
Total tax liabilities	**2,802**	4,250

Movements in deferred tax balances

	Deferred tax assets		Deferred tax liabilities	
	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
Opening balance	**5,286**	4,133	**1,944**	2,367
(Charged)/credited to income statement	**13**	1,092	**858**	(564)
Credited/(charged) to equity	**611**	61	**-**	-
Adjustments for deferred tax of prior years	**(10)**	-	**-**	141
Closing balance	**5,900**	5,286	**2,802**	1,944

Taxation accounting policy

Income tax expense is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in the Consolidated Statement of Comprehensive Income. Income tax expense on the profit or loss of the period comprises current tax and deferred tax.

Current tax payable

Current tax payable is the expected tax payable on the taxable income for the financial year using tax rates that have been enacted, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred income tax is provided on all temporary differences at reporting date. Temporary differences are calculated at each reporting date as the difference between the carrying amount of assets and liabilities for financial reporting purposes and their tax base.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the taxable temporary differences associated with the investments in subsidiaries and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor the taxable profit and loss; and
- When the deductible temporary differences are associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxable authority.

The Group undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Group estimates its tax liability based on its understanding of the tax law.

Tax consolidation

The Group has elected to be taxed as a single entity under the tax consolidation regime. The head company is MyState Limited. The members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities among the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The Company and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Company has applied the separate tax payer within group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

7.1 Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 and policy notes within the financial statements for a summary of the significant accounting policies relating to the Group.

Statement of Financial Position	30 June 2021 $'000	30 June 2020 $'000
Assets		
Cash and liquid assets	**318**	1,040
Other receivables	**965**	690
Related party receivables	**25,000**	3,465
Investments in subsidiaries	**321,392**	262,613
Current and deferred tax assets	**5,510**	661
Total assets	**353,385**	268,469
Liabilities		
Other liabilities	**2,536**	565
Other borrowings	**25,000**	-
Related party payables	**2,921**	11
Tax liabilities	**32**	2,368
Employee benefits provisions	**457**	394
Total liabilities	**30,946**	3,338
Net assets	**322,239**	265,131
Equity		
Share capital	**314,124**	258,702
Retained earnings	**7,071**	5,738
Reserves	**1,044**	691
Total equity	**322,239**	265,131
Financial performance		
Profit after income tax for the year	**12,841**	28,130
Other comprehensive income	**-**	-
Total comprehensive income	**12,841**	28,130

The parent entity has not entered into any guarantees and does not have any contingent liabilities as at 30 June 2021 (30 June 2020: nil).

Transactions between the Company and the consolidated entities principally arise from the provision of management and governance services. All transactions with subsidiaries are in accordance with regulatory requirements, the majority of which are on commercial terms. All transactions undertaken during the financial year with the consolidated entities are eliminated in the Consolidated Financial Statements. Amounts due from and due to entities are presented separately in the Statement of Financial Position of the Company except where offsetting reflects the substance of the transaction or event.

7.2 Controlled entities and principles of consolidation

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

Significant subsidiaries	Principal activities	Country of Incorporation	Ownership Interest
MyState Bank Limited	Banking	Australia	100%
TPT Wealth Limited	Wealth Management	Australia	100%
Connect Asset Management Pty Ltd	Manager of Securitisation Vehicles	Australia	100%

Basis of consolidation accounting policy

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Income Statement and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

7.3 Related party disclosures

The ultimate parent entity and controlling entity is MyState Limited. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed in the following paragraphs.

Managed Investment Schemes

Within the Group, TPT Wealth Limited (TPT) is a Responsible Entity for Managed Investment Schemes (Funds) and, accordingly, has significant influence over their activities. TPT receives management fees from these Funds. TPT also pays expenses of the Funds for which it is reimbursed. TPT and the Company have also invested in these Funds and receive distributions on these investments. These investments are made on the same terms and conditions that apply to all investors in these Funds. Details of these transactions and balances are as follows:

	Consolidated		TPT	
	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
Management fees received	**9,412**	10,315	**9,412**	10,315
Balance of investment held at year end	**2,553**	2,297	**2,509**	316
Distributions received from managed funds	**(35)**	190	**(23)**	161

The Funds have:

- Accepted money on deposit from Directors and Executives or entities associated with Directors and Executives at prevailing Fund rates and conditions;
- Loaned money to MyState Bank, in the form of term deposits and negotiable certificates of deposit, totalling $2.55M (2020: $2.30M); and
- Invested in the ConQuest Trusts Residential Mortgage Backed Securities Program in the form of Class A and B notes totalling $28.94M (2020: $35.59M).

These deposits are made on the same terms and conditions that apply to all similar transactions.

Key Management Personnel

Individual Directors and Executive compensation disclosures

Information regarding individual Directors, Executive compensation, and equity instruments disclosures, as required by the Corporations Regulation 2M.2.03, is provided in the Remuneration Report section of the Directors' report. Disclosure of the compensation and other transactions with key management personnel (KMP) is required pursuant to the requirements of Australian Accounting Standard AASB 124 Related Party Disclosures. The KMP of the Group is comprised of the Non Executive Directors, Managing Director and Chief Executive Officer and certain Executives.

	30 June 2021 $'000	30 June 2020 $'000
Key management personnel compensation		
The key management personnel compensation comprised:		
Short-term employee benefits	**4,611**	3,722
Post employment benefits	**295**	299
Share-Based payment (i)	**473**	220
Termination benefits	**-**	-

(i) These amounts are estimates of compensation and include a portion that will only vest to the Managing Director or Executive when certain performance criteria are met or a 'Capital Event' occurs. The fair value of shares is calculated at the date of grant and is allocated to each reporting period over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the shares allocated to this reporting period.

8.1 Contingent liabilities and expenditure commitments

MSB has provided guarantees to third-parties in order to secure the obligations of customers. The range of situations in which guarantees are given include:

- Local Government Authorities, to secure the obligations of property and sub-divisional developers to complete infrastructure developments;
- Local Government Authorities, Schools and other building owners, to secure the obligations of building contractors to complete building works;
- Landlords, to secure the obligations of tenants to pay rent; and
- CUSCAL, to secure payroll and direct debit payments processed by CUSCAL on behalf of customers.

	30 June 2021 $'000	30 June 2020 $'000
Customer commitments		
Loans approved but not advanced to borrowers	**134,076**	77,755
Undrawn continuing lines of credit	**62,458**	63,443
Performance guarantees	**3,858**	4,672
Total customer commitments	**200,392**	145,870

Guarantees are issued in accordance with approved Board policy. Those guarantees over $10,000 are required to be secured. In the event that a payment is made under a guarantee, the customer's obligation to MSB is crystallised in the form of an overdraft or loan.

TPT Wealth Limited ceased being a non-broker participant in the Clearing House Electronic Sub Register System operated by the Australian Securities Exchange during the 2021 financial year. As such, this company no longer maintains a deposit with Bendigo and Adelaide Bank Limited (2020: $1,000,000) as collateral for the guarantee on the settlement account.

Estate Administration

TPT Wealth Limited acts as executor and trustee for a significant number of trusts and estates. In this capacity, this company has incurred liabilities for which it has a right of indemnity out of the assets of those trusts and estates. Accordingly, these liabilities are not reflected in the financial statements.

Other contracted commitments for expenditure on plant and equipment as at the reporting date are for only minimal amounts.

8.2 Remuneration of auditors

During the financial year, the following fees which are shown exclusive of GST claimed were paid or payable for services provided by the auditor of the Group, Wise Lord & Ferguson:

	30 June 2021 $'000	30 June 2020 $'000
Audit services		
Audit of the financial statements of the consolidated entities	**401**	390
Total remuneration for audit services	**401**	390
Audit related services		
Assurance related services	**50**	46
Audit of loans and other services to the securitisation program	**6**	8
Total remuneration for audit related services	**56**	54
Other non-external audit related services		
Other services	**10**	64
Total remuneration for non-audit related services	**10**	64
Total remuneration for services provided	**467**	508

8.3 Events subsequent to balance date

On 9 August 2021, MyState Limited announced that Managing Director and Chief Executive Officer, Melos Sulicich, will be retiring on 31 December 2021. The Company has commenced the process to appoint a successor. There were no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

8.4 Other significant accounting policies, new accounting standards and disclosures

The principal accounting policies, which are consistent with those applied in the comparative period unless otherwise stated, that have been adopted in the preparation of the financial report are set out in this section and the preceding sections.

(i) Other assets

Other assets comprise accounts receivable, accrued income and prepayments. Accounts receivable are initially recorded at the fair value of the amounts to be received and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment loss.

(ii) Other liabilities

Other liabilities comprise accounts payable and accrued expenses and represent liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of the recognition of the liability.

(iii) New and revised accounting standards

The Group has adopted the following new standards and amendments to standards:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-2 Amendments to Australian Accounting Standards
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

Adoption of the above has not resulted in any changes in how the Group currently applies accounting standards.

Directors' Declaration

for the year ended 30 June 2021

In accordance with a resolution of the Directors of MyState Limited, we state that:

1. In the opinion of the Directors:

    (a) The financial statements and notes of the Group set out on pages 63 to 103 are in accordance with the *Corporations Act 2001*, including:

    (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

    (ii) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    (b) There are reasonable grounds to believe that MyState Limited will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

3. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.2.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

Miles Hampton
Chairman

Melos Sulicich
Managing Director and Chief Executive Officer

Hobart, dated 20 August 2021.

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of MyState Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MyState Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Company.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

I. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Report.

1. Operation of IT systems and Controls

Key audit matter	How our audit addressed the matter
This is a key audit matter because a significant part of the Group's financial reporting process is heavily reliant on IT systems with automated processes and controls for the capture, processing, storage and extraction of information. There have been substantial changes to the Group's IT landscape in the 2021 financial year and it has been essential to ensure appropriate user access and change management protocols exist and are being observed. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. These key controls mitigate potential fraud or error because of change to an application or underlying data. MyState has outsourced arrangements for a number of key IT processes.	We focus our audit on those IT systems and controls that are significant to the Group's financial reporting process. We assessed and tested the design and operating effectiveness of the Group's IT controls, including those over user access and change management as well as data reliability and integrity. This involved assessing: • Technology control environment and governance; • Change management processes for software applications; • Access controls designed to enforce segregation of duties; • System development, reviewing the appropriateness of management's testing and implementation controls; • We carried out direct tests of the operation of key programs to establish the accuracy of calculations, the correct generation of reports, and to assess the correct operation of automated controls and technology-dependent manual controls; and • Third party reports on IT systems and controls. For outsourced providers, we obtain assurance from third party auditors on the design and operating effectiveness of controls.

2. Recognition and Measurement – Intangible Assets

Refer to Note 5.2 'Intangible assets and goodwill'

Key audit matter	How our audit addressed the matter
The recognition and measurement of intangible assets is a key audit matter because of the Group's ongoing investment in new systems and the judgement required to: • Recognise when costs incurred transition from research to development; and • Assess the useful life of IT assets. The Group continues to enhance its IT systems and online servicing capability. During the financial year, a number of strategic projects were developed and implemented. New systems were researched, designed, projects commenced and completed. A review of the useful life of IT systems was undertaken. There is also a high level of judgement required in the Group's annual testing of impairment of goodwill with significant forward looking assumptions used in the valuation models.	To address the risk of material misstatement and obtain sufficient audit evidence, we performed the following procedures over intangible assets: • We evaluated and tested the Group's processes for recognising intangible assets; • We reviewed amounts capitalised for significant projects currently being completed by the group. This included a retrospective assessment of amounts capitalised in early stages of significant projects; • We reviewed the Group's processes for considering the completion of projects and commencement of amortisation; • We ensured intangible assets made redundant through new projects were written off; • We reviewed the useful lives applied to IT systems to ensure they are reasonable; and • We reviewed the goodwill valuation model and forward looking assumptions applied to each CGU of the Group.

3. Provision for Impairment on Loans and Advances

Refer to Note 4.3 'Loans and advances'

Key audit matters	How our audit addressed the matter
The provision for impairment on loans and advances is a key audit matter because the loans and advances balance is significant to the Group and the significant judgement inherent in the provisioning model. The provisioning model is determined in accordance with the requirements of AASB 9 *Financial Instruments*. Provision for impairment of loans and advances that exceed specific thresholds are individually assessed by management with reference to future cash repayments and proceeds from the realisation of security. Other loans that do not have an individually assessed provision are assessed on a portfolio basis with loans with similar risk characteristics. Key areas of judgement included: • The design of the expected credit loss model used; • The selection of assumptions adopted such as the probability of default, loss given default, exposure at default and forward looking information, and the impact of COVID-19 on these assumptions; • The design of the management overlays applied in response to significant economic events; and • The stress test modelling undertaken to verify provisioning levels.	To address the risk of material misstatement and obtain sufficient audit evidence, we performed the following procedures over the provisions for impairment on loans and advances: • Assessed the governance oversight; • Reviewed and tested the calculation of the expected credit loss model, including the specific provision, collective provision for impairment and management overlays; • Considered the assumptions within the management overlays; • Ensured the methodology for write off of debt was consistent with prior periods; • Tested the accuracy of the data used to calculate the provision; • Reviewed a sample of current arrears balances and reviewed follow up procedures, including whether specific financial assets in arrears had been appropriately provided for; and • Reviewed management assessments of provision for loans that exceed specific thresholds.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report (pages 40 to 59 of this Annual Report) for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MyState Limited, for the year ended 30 June 2021 complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DANNY MCCARTHY
Partner
Wise Lord & Ferguson
Chartered Accountants

Date: 20 August 2021

Information relating to shareholders

Range of Units (Snapshot) as at 23 August 2021

Range	Total holders	Units	% Units
1 - 1,000	55,778	22,964,462	21.81
1,001 - 5,000	3,198	8,065,271	7.66
5,001 - 10,000	1,161	8,212,094	7.80
10,001 - 100,000	1,161	25,351,017	24.08
100,001 Over	52	40,694,832	38.65
Rounding			**0.00**
Total	**61,350**	**105,287,676**	**100.00**

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 5.4000 per unit	93	397	9,699

Selection Criteria: Hide Unmarketable Parcels: Shown Control Account: Included

Top Holders (Grouped) as at 23 August 2021

Rank Range		Total holders	Units
1	CITICORP NOMINEES PTY LIMITED	10,160,780	9.65
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,952,430	7.55
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,105,096	6.75
4	SELECT MANAGED FUNDS LTD	1,225,960	1.16
5	MR BRIAN DAVID FAULKNER	984,000	0.93
6	MR KENNETH JOSEPH HALL <HALL PARK A/C>	908,273	0.86
7	BEECHWORTH HOLDINGS PTY LTD <BEECHWORTH SUPER FUND A/C>	886,846	0.84
8	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	781,213	0.74
9	NATIONAL NOMINEES LIMITED	684,353	0.65
10	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	581,660	0.55
11	PRESTIGE FURNITURE PTY LTD	525,000	0.50
12	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	508,339	0.48
13	STANBOX NO 2 PTY LTD	506,000	0.48
14	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <IPS IOOF EMPLOYER SUPER A/C>	490,431	0.47
15	MRS WENDY JEAN FAULKNER	411,864	0.39
16	BNP PARIBAS NOMS PTY LTD <DRP>	400,242	0.38
17	HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	375,000	0.36
18	BNP PARIBAS NOMINEES PTY LTD BARCLAYS <DRP A/C>	331,744	0.32
19	MRS JOAN ELIZABETH EVERSHED	312,547	0.30
20	DONETTA PTY LIMITED	305,152	0.29
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	**35,436,930**	**33.66**
	Total Remaining Holders Balance	**69,850,746**	**66.34**

Registered Office

MyState Limited ABN 26 133 623 962
Level 2, 137 Harrington Street
Hobart TAS 7000
Phone: 138 001
Website: mystatelimited.com.au
Email: info@mystatelimited.com.au

Company Secretary

Scott Lukianenko

Share Registry

Computershare Investor Services
GPO Box 2975EE
Melbourne VIC 3000
Phone: 1300 538 803
Overseas callers: +61 3 9415 4660
Website: comptershare.com.au

Auditors

Wise Lord & Ferguson
Level 1, 160 Collins Street
Hobart TAS 7000

Australian Securities Exchange Listing

MyState Limited is listed on the Australian Securities Exchange under the code MYS.

MyState Bank

ABN 89 067 729 195
Phone: 138 001
Website: mystate.com.au
Email: info@mystate.com.au

TPT Wealth

ABN: 97 009 475 629
Phone: 1300 138 044
Website: tptwealth.com.au
Email: info@tptweatlh.com.au

mystatelimited.com.au