MyState Limited

ASX release

10 July 2020

CLEANSING NOTICE

10 July 2020

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

By e-lodgement

ASX Code: MYS

Dear Sir / Madam

MyState Limited ("MyState") – issue of A$25,000,000 Subordinated Medium Term Notes due 10 July 2030 ("Subordinated Notes")

Notice under section 708A(12H)(e) of the Corporations Act 2001 (Cth) ("Act") as inserted by *ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71* ("Instrument")

1. MyState will issue the Subordinated Notes on 10 July 2020. Offers of the Subordinated Notes do not require disclosure to investors under Part 6D.2 of the Act.

2. The terms and conditions of the Subordinated Notes attached to this notice as Annexure A ("**Conditions**") are set out on pages 43 to 88 of the Information Memorandum relating to MyState's Debt Issuance Programme dated 23 December 2016 ("**Information Memorandum**"), as supplemented by the Pricing Supplement dated 8 July 2020, the form of which is attached to this notice as Annexure B ("**Pricing Supplement**").

3. The Subordinated Notes are expected to be treated as Tier 2 regulatory capital under the capital adequacy framework as implemented in Australia by the Australian Prudential Regulation Authority ("**APRA**").

4. If APRA determines that MyState is or would become non-viable, the Subordinated Notes may be:

   (a) Converted into fully paid ordinary shares in the capital of MyState; or

   (b) immediately and irrevocably Written-off (and rights attaching to the Subordinated Notes terminated) if for any reason Conversion does not occur within five Australian Securities Exchange ("**ASX**") Business Days of APRA notifying MyState of the determination,

   in accordance with the Conditions.

5. In order to enable ordinary shares in the capital of MyState to be issued on Conversion without disclosure under Chapter 6D of the Act, MyState has elected to give this notice under section 708A(12H)(e) of the Act as inserted by the Instrument. The Conditions and the information in the attached Schedule are included in, and form part of, this notice.

6. MyState confirms that:

   (a) the information in this notice remains current as at today's date;

   (b) this notice complies with section 708A of the Act, as notionally modified by the Instrument; and

   (c) this notice complies with the content requirements of section 708A(12I) of the Act as inserted by the Instrument.

7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Conditions or Pricing Supplement.

Yours sincerely,



Scott Lukianenko
Company Secretary
MyState Limited

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This market announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration.

Authorised
MyState Limited Board

About MyState Limited
Registered Office: 137 Harrington Street, Hobart 7000
MyState Limited is the ASX-listed (MYS) non-operating holding company of the diversified financial services Group consisting of MyState Bank and TPT Wealth, a trustee and wealth management company. MyState Bank is regulated by the Australian Prudential Regulatory Authority. MyState Bank and TPT Wealth hold Australian Financial Services Licences issued by the Australian Securities and Investments Commission.

Investor Enquiries
Gary Dickson, Chief Financial Officer, 0417 378 847 or gary.dickson@mystatelimited.com.au

SCHEDULE

A. Effect on MyState of the offer of the Subordinated Notes

The issuance of the Subordinated Notes is expected to raise Tier 2 regulatory capital to satisfy MyState's regulatory requirements and maintain the diversity of MyState's sources and types of capital funding.

The proceeds from the issue of the Subordinated Notes will be used for general corporate purposes. Those proceeds, less the costs of the issue, will be classified as Other Borrowings in the financial statements of MyState and will be eligible Tier 2 regulatory capital. The issue of the Subordinated Notes will not have a material impact on MyState's financial position.

The proceeds of the issue, less the costs of the issue, are expected to increase MyState's total capital ratio on a Level 2 basis by less than 1.5%.

B. Rights and liabilities attaching to the Subordinated Notes

The rights and liabilities attaching to the Subordinated Notes are set out in the Conditions as supplemented by the Pricing Supplement.

C. Effect on MyState of the issue of the ordinary shares if the Subordinated Notes are required to be Converted[1]

A key feature of APRA's requirements for Tier 2 regulatory capital instruments is that they absorb losses at the point of non-viability of the issuer. The Conditions include provisions that require the Subordinated Notes to be Converted into ordinary shares in the capital of MyState or Written-off on the occurrence of a Non-Viability Trigger Event. A Non-Viability Trigger Event will occur when APRA notifies MyState in writing that it believes that relevant non-viability circumstances (as described in the definition of "Non-Viability Trigger Event" in the Conditions) subsist, which could occur at any time.

If a Non-Viability Trigger Event occurs and MyState Converts the Subordinated Notes and issues ordinary shares to Holders (as required under the Conditions), the effect of Conversion on MyState would be to reduce Other Borrowings by the principal amount, less any unamortised costs of the issue, of the Subordinated Notes being Converted and increase MyState's shareholders' equity (ordinary share capital) by a corresponding amount. APRA has not provided extensive guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of MyState's financial position, concerns about its capital, funding or liquidity levels and/or insolvency. We note that APRA has recently indicated that it may regard non-viability as occurring before an authorised deposit-taking institution (ADI) such as MyState is at risk of becoming insolvent.[2]

The number of ordinary shares issued on Conversion is variable, but is limited to the Maximum Conversion Number. Limiting the number of ordinary shares which may be issued to the Maximum Conversion Number means that it is likely that Holders will receive a number of ordinary shares that have a market value that is significantly less than the Outstanding Principal Amount of the Subordinated Notes.

The Maximum Conversion Number is calculated based on a VWAP set to reflect 20% of the Issue Date VWAP. The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification or pro rata bonus issue, of ordinary shares. However, no adjustment will be made to it on account of other transactions which may affect the price of ordinary shares, including for example, rights issues, returns of capital, buy-backs or special dividends.

The Maximum Conversion Number is 3,118 MyState ordinary shares per Subordinated Note (with a nominal value of A$10,000), based on the Issue Date VWAP of AUD 4.0078. If Conversion of any Subordinated Notes does not occur for any reason within five ASX Business Days after the occurrence of the Non-Viability Trigger Event, the Subordinated Notes will be Written-off, and all corresponding rights and claims of Holders under the Conditions (including with respect to payments of interest, the repayment of the Outstanding Principal

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1 If, in accordance with the Conditions, MyState is replaced by an Approved Successor as debtor of the Subordinated Notes and the issuer of ordinary shares, Subordinated Notes may be Converted into fully paid ordinary shares in the capital of an Approved Successor in accordance with the Conditions. This notice also enables ordinary shares in the capital of an Approved Successor which is a NOHC for the purposes of the *Banking Act 1959 (Cth)* and the ultimate holding company of MyState issued on Conversion to be sold without disclosure under Chapter 6D of the Act. Refer to the Conditions and the Instrument for further information.

2 APRA, "Response to Submissions – Loss-Absorbing Capacity" (9 July 2019).

Amount and upon Conversion, the receipt of ordinary shares) will be immediately and irrevocably written-off and terminated, with effect on and from the Non-Viability Trigger Event Date in accordance with the Conditions, and investors will lose all or some of their investment and will not receive any compensation.

D. Rights and liabilities attaching to the ordinary shares in the capital of MyState

MyState is a publicly listed company formed in September 2009 following the merger of MyState and Tasmanian Perpetual Trustees Limited. MyState's constitution was most recently amended at the general meeting held on 16 October 2014 ("**Constitution**", as amended from time to time). The ordinary shares in the capital of MyState are admitted to trading on ASX. The rights attaching to the ordinary shares in the capital of MyState are set out in the Act and the Constitution.

In addition, the rights and liabilities attaching to the ordinary shares in the capital of MyState are described on page 79 of the 2019 MyState Annual Report[3]. The Annual Report was released to ASX on 13 September 2019 and may be viewed at www.asx.com.au, and is also available on the MyState website at https://www.mystatelimited.com.au/home/?page=reports.

E. Additional information

Information about the Subordinated Notes is contained in the Conditions and the Pricing Supplement.

MyState is a disclosing entity for the purposes of the Act and, as a result, is subject to regular reporting and disclosure obligations under the Act and the ASX Listing Rules. In addition, MyState must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about MyState that a reasonable person would expect to have a material effect on the price or value of its listed securities, including ordinary shares in the capital of MyState.

Copies of documents lodged with the Australian Securities and Investments Commission ("**ASIC**") can be obtained from, or inspected at, an ASIC office and MyState's ASX announcements may be viewed on www.asx.com.au.

Any person has the right to obtain copies of:

- MyState's annual financial reports; and
- any continuous disclosure notices given by MyState after the lodgement of the 2019 MyState Annual Report, but before the date of this notice,

from https://www.mystatelimited.com.au/home/?page=asx-announcements, or by request made in writing to MyState at:

MyState Limited
Level 2
137 Harrington Street
Hobart TAS 7000
Australia

[3] If, in accordance with the Conditions, MyState is replaced by an Approved Successor as debtor of the Subordinated Notes and the issuer of ordinary shares, then on Conversion Holders will be issued with fully paid ordinary shares in the capital of the Approved Successor.

ANNEXURE A

Terms and Conditions of the Subordinated Notes

Conditions of the Subordinated Notes (MyState Limited)

The following are the Conditions which, as supplemented, amended, modified or replaced by the relevant Pricing Supplement, will apply to the Subordinated Notes. References to a "Pricing Supplement" in these Conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement in relation to a particular Series of Subordinated Notes. Terms used in the relevant Pricing Supplement will, unless the contrary intention appears, have the same meaning where used in these Conditions but will prevail to the extent of any inconsistency.

Each Holder, and each person claiming through or under each such Holder, is bound by, and is deemed to have notice of, the provisions of the relevant Deed Poll and these Conditions (including any relevant Pricing Supplement). Each such person is also deemed to have notice of the Information Memorandum. Copies of each of these documents are available for inspection by the Holder during normal business hours at the Specified Office of the Issuer and the Registrar.

1 Interpretation

1.1 Definitions

Unless the contrary intention appears:

Additional Amount means an additional amount payable by the Issuer under Condition 14.2("Withholding tax");

Additional Tier 1 Capital has the meaning given to it in the Prudential Standards;

Agency Agreement means:

(a) the agreement entitled "Agency and Registry Services Agreement" dated 24 June 2015 between the Issuer and Perpetual Corporate Trust Limited (ABN 99 000 341 533);

(b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Subordinated Notes; and

(c) any other agency agreement between the Issuer and an agent in connection with any issue of Subordinated Notes;

Agent means each of the Registrar, the Calculation Agent and any additional agent appointed under an Agency Agreement, or any of them as the context requires;

Approved Replacement Notice has the meaning given in Condition 6.14(a);

Approved Successor means a holding company that replaces, or is proposed to replace, the Issuer as the ultimate holding company of the MyState Group and that satisfies the following requirements:

(a) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including, to the extent required, APRA's prior written approval);

(b) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Conditions as contemplated in Condition 6.14 ("Amendment of Conditions relating to Conversion for successor holding company");

(c) the ordinary shares of the proposed successor holding company are to be listed, quoted and/or traded on the ASX or any internationally recognised stock or securities exchange;

(d) the proposed successor holding company has a place of business in Australia or has appointed a process agent in the relevant State or Territory to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Subordinated Notes;

(e) the proposed successor holding company has, in the reasonable opinion of the Issuer, the financial capacity to perform the Issuer's obligations under these Conditions and the Deed Poll; and

(f) the proposed replacement of the Issuer and the requirements described in paragraphs (a) to (c) would not, in the reasonable opinion of the Issuer, otherwise materially and adversely affect the interests of Holders;

Approved Successor Share has the meaning given in Condition 6.14 ("Amendment of Conditions relating to Conversion for successor holding company");

APRA means the Australian Prudential Regulation Authority;

Assets means, in respect of the Issuer, its total non-consolidated gross assets as shown by the latest published audited accounts of the Issuer, but adjusted for events subsequent to the date of such accounts in such manner and to such extent as two authorised signatories of the Issuer, or if the Issuer is in Winding-Up, the Liquidator, may determine to be appropriate;

ASX means the Australian securities exchange operated by ASX Limited (ABN 98 008 624 691);

ASX Business Day has the meaning given to it in the ASX Listing Rules;

ASX Listing Rules means the listing rules of ASX from time to time with any modifications or waivers in their application to the Issuer, which ASX may grant;

Austraclear means Austraclear Ltd (ABN 94 002 060 773);

Austraclear Regulations means the regulations known as the "Austraclear Regulations", together with any instructions or directions (as amended or replaced from time to time), established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

Australian Tax Act means the Income Tax Assessment Act 1936 of Australia and, where applicable, the Income Tax Assessment Act 1997 of Australia;

Business Day means:

(a) if a Subordinated Note held in a Clearing System is to be issued or a payment made in respect of a Subordinated Note held in a Clearing System on that day, a day on which each Clearing System for the relevant Subordinated Note is operating;

(b) a day (not being a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney and Hobart; and

(c) and in each (if any) Relevant Financial Centre specified in the Pricing Supplement (not being a Saturday, Sunday or public holiday in that place);

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Subordinated Note, have the following meanings:

(a) **Floating Rate Convention** means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:

(i) that date is brought forward to the first preceding day that is a Business Day; and

(ii) each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the preceding applicable Interest Payment Date occurred;

(b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;

(c) **Modified Following Business Day Convention or Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;

(d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day; and

(e) **No Adjustment** means that the relevant date must not be adjusted in accordance with any Business Day Convention.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates;

Calculation Agent means, in respect of a Subordinated Note, the person specified in the Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions. If no person is specified in the Pricing Supplement, the Calculation Agent shall be the Issuer;

Calculation Period has the meaning given in the definition of "Day Count Fraction" below;

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532);

Clearing System means:

(a) the Austraclear System; or

(b) any other clearing system outside Australia specified in the Pricing Supplement;

Code means the United States Internal Revenue Code of 1986;

Common Equity Tier 1 Capital has the meaning given to it in the Prudential Standards;

Conditions means, in relation to a Subordinated Note, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Subordinated Note and references to a particular numbered Condition shall be construed accordingly;

Conversion means, upon the occurrence of a Non-Viability Trigger Event, the conversion of all or some Subordinated Notes (or a percentage of the Outstanding Principal Amount of each Subordinated Note) into Ordinary Shares of the Issuer in accordance with, and subject to, these Conditions, and "**Convert**", "**Converting**" and "**Converted**" shall have corresponding meanings;

Conversion Date means the applicable Non-Viability Trigger Event Date;

Conversion Number has the meaning given in Condition 6.1 ("Conversion");

Cum Value has the meaning given in Condition 6.2(a) ("Adjustments to VWAP generally");

Day Count Fraction means, in respect of the calculation of interest on a Subordinated Note for any period of time ("**Calculation Period**"), the day count fraction specified in the Pricing Supplement and:

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year;

(b) if "**Actual/Actual**" **or "Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

(i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(e) if "**30/360**", "**360/360**" or "**Bond Basis**" is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "**30E/360**" or "**Eurobond basis**" is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(g) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(h) if "**RBA Bond Basis**" or "**Australian Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

(i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)); and

(i) any other day count fraction specified in the Pricing Supplement;

Deed Poll means:

(a) the deed poll entitled "Note Deed Poll" dated 24 June 2015;

(b) such other deed poll that supplements, amends, amends and restates, modifies or replaces the deed poll referred to above, or which is otherwise acknowledged in writing to be a deed poll for the purposes of the Programme,

and in each case, executed by the Issuer and MyState Bank Limited;

Denomination means the notional face value of a Subordinated Note specified in the Pricing Supplement, subject to adjustment in accordance with Condition 6.13(b)(iii);

Early Redemption Date (Call) means an Interest Payment Date(s) or such other date(s) specified in the Pricing Supplement;

Equal Ranking Instruments means instruments which satisfy the requirements set out in one of the following paragraphs (a) or (b):

(a) any instrument, present or future, issued by the Issuer after 1 January 2013 which is a Tier 2 Capital Instrument that, in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off upon the occurrence of a Non-Viability Trigger Event; or

(b) any other instrument, present or future, issued by the Issuer where, the right to repayment ranks, or is expressed to rank, in a Winding-Up equally with the claims of Holders (irrespective of whether or not such instrument qualifies as Tier 2 Capital of the Issuer as described in the Prudential Standards);

Event of Default means the occurrence of any event set out in Condition 16 ("Events of Default");

Extraordinary Resolution has the meaning given in the Meetings Provisions;

FATCA means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

Fixed Rate Note means a Subordinated Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the Pricing Supplement;

Floating Rate Note means a Subordinated Note on which interest is calculated at a floating rate payable in arrear monthly or 2, 3, 6, or 12 monthly or in respect of any other period or on any other date specified in the Pricing Supplement;

Foreign Holder means a Holder:

(a) whose address in the Register is a place outside Australia; or

(b) who the Issuer otherwise believes may not be a resident of Australia,

and, in either case, the Issuer is not satisfied that the laws of the Holder's country of residence would permit the offer to, or the holding or acquisition of Ordinary Shares by, the Holder (but the Issuer will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which the Issuer, in its absolute discretion, regards as acceptable and not unduly onerous;

Holder means the person in whose name a Subordinated Note is registered;

Holder Details Notice means a notice in the form available from the Registrar;

Ineligible Holder means:

(a) a Holder who is prohibited or restricted by any applicable law or directive in force in Australia (including, but not limited to, Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia and Part IV of the Competition and Consumer Act 2010 of Australia) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Subordinated Notes, it shall only be treated as an Ineligible Holder in respect of those Subordinated Notes and not in respect of the balance of its Subordinated Notes); or

(b) a Foreign Holder.

The Issuer will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Non-Viability Trigger Event Date provided that nothing prevents the Issuer from treating a person as an Ineligible Holder within the meaning of this definition;

Information Memorandum means, in respect of a Subordinated Note:

(a) the Information Memorandum dated 24 June 2015 or the then latest information memorandum which replaces that document; or

(b) the information memorandum or other offering document referred to in the Pricing Supplement,

in each case prepared by, or on behalf of, and approved in writing by, the Issuer in connection with the issue of that Subordinated Note and all documents incorporated by reference in it, including any applicable Pricing Supplement and any other amendments or supplements to it;

Interest Commencement Date means, in respect of a Subordinated Note, the Issue Date of the Subordinated Note or any other date so specified in the Pricing Supplement;

Interest Determination Date means each date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Payment Date means each date so specified in, or determined in accordance with, the Pricing Supplement (and adjusted, if necessary, in accordance with the applicable Business Day Convention if so specified in the Pricing Supplement);

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

(a) the first Interest Period commences on (and includes) the applicable Interest Commencement Date; and

(b) the final Interest Period ends on (but excludes) the applicable Maturity Date;

Interest Rate means, for a Subordinated Note, the interest rate (expressed as a percentage per annum) payable in respect of that Subordinated Note specified in the Pricing Supplement or calculated or determined in accordance with these Conditions and the Pricing Supplement;

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the Subordinated Notes of the relevant Series);

Issue Date means the date on which a Subordinated Note is, or is to be issued, and as may be specified, or determined, in accordance with, the applicable Pricing Supplement;

Issue Date VWAP means the VWAP during the period of 20 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with Condition 6 ("Procedures for Conversion");

Issue Price means, in respect of a Subordinated Note or a Series of Subordinated Notes, the price as set out in the Pricing Supplement;

Issuer means MyState Limited (ABN 26 133 623 962);

Junior Ranking Capital Instruments means an instrument, present or future, issued by the Issuer which:

(a) by its terms is, or is expressed to be, subordinated in a Winding-Up to the claims of Holders of Subordinated Notes and/or other Equal Ranking Instruments;

(b) any class of the Issuer's share capital including any instrument that qualifies as Additional Tier 1 Capital or Common Equity Tier 1 Capital of the Issuer; and

(c) any other security of the Issuer which is issued on terms that are eligible for inclusion as Tier 1 Capital of the Issuer (whether or not constituting Tier 1 Capital at any other time);

Level 1 and **Level 2** have the meaning given to those terms in the Prudential Standards;

Liabilities means, in respect of the Issuer, its total non-consolidated gross liabilities as shown by its latest published audited accounts, but adjusted for events subsequent to the date of

such accounts in such manner and to such extent as two authorised signatories of the Issuer, or if the Issuer is in Winding-Up, the Liquidator, may determine to be appropriate;

Liquidator means the liquidator or other official responsible for the conduct and administration of a Winding-Up;

Margin means the margin specified in, or determined in accordance with, the Pricing Supplement;

Maturity Date means the date so specified in, or determined in accordance with, the Pricing Supplement as the date on which the Subordinated Notes are to be redeemed and shall not be less than five years from the Issue Date;

Maximum Conversion Number has the meaning given in Condition 6.1 ("Conversion");

Meetings Provisions means the provisions relating to meetings of Holders and set out as a schedule to the Deed Poll;

MyState Group means MyState Limited (ABN 26 133 623 962) and its controlled entities;

Non-Viability Trigger Event occurs when APRA notifies the Issuer in writing that it believes:

(a) Conversion or Write-off of all or some Subordinated Notes or conversion or write down of all or some of the capital instruments of the Issuer is necessary because, without it, the Issuer would become non-viable; or

(b) a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable;

Non-Viability Trigger Event Date has the meaning given in Condition 5.1(c)(iii) ("Non-Viability Trigger Event");

Offshore Associate means an associate (as defined in section 128F(9) of the Australian Tax Act) of the Issuer that is either:

(a) a non-resident of Australia which does not acquire the Subordinated Notes in carrying on a business at or through a permanent establishment in Australia; or

(b) a resident of Australia that acquires the Subordinated Notes in carrying on a business at or through a permanent establishment outside Australia;

Ordinary Share means a fully paid ordinary share in the capital of the Issuer;

Outstanding Principal Amount means (including where these words are used for the purposes of the definition of Residual Outstanding Principal Amount) in respect of any Subordinated Note which is outstanding at any time, the outstanding principal amount of the Subordinated Note, and for such purposes:

(a) the principal amount of a Subordinated Note issued at a discount, par or at a premium is at any time to be taken to be equal to its Denomination; and

(b) if the principal amount of a Subordinated Note has from time to time been Converted or Written-off as described in, and in accordance with, Conditions 5 (Non-Viability, Conversion and Write-off") and 6 ("Procedures for Conversion") the principal amount of the Subordinated Note will be reduced by the principal amount so Converted or Written-off;

Pricing Supplement means the Pricing Supplement prepared in relation to the Subordinated Notes of a particular Series;

Programme means the uncommitted programme of the Issuer and MyState Bank Limited for the issuance of debt instruments (including Subordinated Notes) described in the Information Memorandum;

Prudential Standards means the prudential standards and guidelines published by APRA and applicable to the Issuer and/or the MyState Group from time to time;

Reclassification has the meaning given in Condition 6.3 ("Adjustments to VWAP for capital reconstruction");

Record Date means the close of business in the place where the Register is maintained on the date which is the eighth calendar day before the payment date or any other date so specified in the Pricing Supplement;

Redemption Date means such date on which a Subordinated Note is redeemed prior to its Maturity Date in accordance with these Conditions;

Reference Banks means the institutions so described in the Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

Reference Rate means, the rate specified in, or determined in accordance with, the Pricing Supplement;

Register means the register, including any branch register, of holders of Subordinated Notes established and maintained by or on behalf of the Issuer under an Agency Agreement;

Registrar means, in respect of a Series of Subordinated Notes:

(a) Perpetual Corporate Trust Limited (ABN 99 000 341 533); or

(b) any other person appointed by the Issuer under the relevant Agency Agreement to establish and maintain the Register in respect of such Subordinated Notes on the Issuer's behalf from time to time,

in each case as specified in the Pricing Supplement;

Regular Period means:

(a) in the case of Subordinated Notes where interest is scheduled to be paid only by means of regular payments, each Interest Period;

(b) in the case of Subordinated Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Subordinated Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

Related Entity means an entity over which the Issuer or any parent of the Issuer exercises control or significant influence, as determined by APRA from time to time;

Relevant Capital Instruments means each of the Relevant Tier 1 Instruments of the Issuer and Relevant Tier 2 Instruments of the Issuer;

Relevant Screen Page means:

(a) the page, section or other part of a particular information service specified as the Relevant Screen Page in the Pricing Supplement; or

(b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Relevant Tax Jurisdiction means the Commonwealth of Australia or any political sub-division thereof;

Relevant Tier 1 Instrument means a Tier 1 Capital Instrument that, in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off upon the occurrence of a Non-Viability Trigger Event;

Relevant Tier 2 Instrument means a Tier 2 Capital Instrument that, in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off upon the occurrence of a Non-Viability Trigger Event;

Relevant Time has the meaning given in the Pricing Supplement;

Replacement has the meaning given in Condition 6.14(a) ("Amendment of Conditions relating to Conversion for successor holding company");

Residual Outstanding Principal Amount means, in respect of a Subordinated Note which is to be, or has been, Converted or Written-off, the portion of the Outstanding Principal Amount which is not to be, or has not been, Converted or Written-off;

Sale and Transfer Agent means each nominee (who cannot be a member of the Issuer or a Related Entity) appointed by the Issuer under a facility established for the sale or transfer of Ordinary Shares issued on Conversion on behalf of:

(a) if the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems), the participants in the relevant Clearing System or Clearing Systems;

(b) Holders who do not wish to receive Ordinary Shares on Conversion; or

(c) Holders who are Ineligible Holders,

in accordance with Condition 6.10 ("Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder; Clearing Systems"). For the avoidance of doubt, the Issuer may appoint more than one Sale and Transfer Agent in respect of the Conversion of one or more Series of Subordinated Notes;

Security Record has the meaning given to it in the Austraclear Regulations;

Senior Creditors means all creditors (present and future) of the Issuer, including all holders of the Issuer's debt:

(a) whose claims are admitted in a Winding-Up; and

(b) whose claims are not made as holders of indebtedness arising in respect of:

(i) an Equal Ranking Instrument; or

(ii) a Junior Ranking Capital Instrument (including claims under section 563A or section 563AA of the Corporations Act).

Series means an issue of Subordinated Notes made up of one Tranche of Subordinated Notes;

the Issuer is **Solvent** if:

(a) it is able to pay its debts when they fall due; and

(b) the Issuer's Assets exceed its Liabilities,

and "**insolvent**" should be construed accordingly;

Solvent Reconstruction means a scheme of amalgamation or reconstruction, not involving a bankruptcy or insolvency, where the obligations of the Issuer in relation to the outstanding Subordinated Notes are assumed by the successor entity to which all, or substantially all of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

Specified Office means the office specified in the Information Memorandum or any other address notified to Holders from time to time;

Subordinated Note means each form of bond, note, debt security or debt obligation specified as such in an applicable Pricing Supplement and issued or to be issued by the Issuer which is constituted by, and owing under, the relevant Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register. All references to Subordinated Notes must, unless the context otherwise requires, be read and construed as references to the Subordinated Notes of a particular Series;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official having the power to tax in Australia or a political sub-division thereof;

Taxes means taxes, levies, imposts, charges and duties (including withholding tax, approved issuer levy, stamp and transaction duties) imposed by a Tax Authority, together with any related interest, penalties, fines and expenses payable in connection with them, except if imposed on or calculated having regard to, the net income of the Holder;

Tax Legislation means (a) the Australian Tax Act and (b) any other law setting the rate of income tax payable by the Issuer;

Tier 1 Capital has the meaning given to it in the Prudential Standards;

Tier 1 Capital Instrument means a share, note or other security or instrument constituting Tier 1 Capital of the Issuer;

Tier 2 Capital has the meaning given to it in the Prudential Standards;

Tier 2 Capital Instrument means a share, note or other security or instrument constituting Tier 2 Capital of the Issuer;

Tranche means an issue of Subordinated Notes specified as such in the applicable Pricing Supplement issued on the same Issue Date and on the same Conditions;

VWAP means, subject to any adjustments under Conditions 6.2 ("Adjustments to VWAP generally"), the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at

any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares;

VWAP Period means in the case of a Conversion resulting from the occurrence of a Non-Viability Trigger Event, the period of 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date;

Winding-Up means the legal procedure for the liquidation of the Issuer commenced when:

(a) a court order is made for the winding-up of the Issuer (and such order is not successfully appealed or set aside within 30 days); or

(b) an effective resolution is passed by shareholders or members for the winding-up of the Issuer,

other than in connection with a Solvent Reconstruction and in either case, that has not been suspended or revoked and "**Wound-Up**" shall have the corresponding meaning.

A Winding-Up must be commenced by a court order or an effective resolution of shareholders or members. Neither (i) the making of an application, the filing of a petition, or the taking of any other steps for the winding-up of the Issuer (or any other any procedure whereby the Issuer may be dissolved, liquidated, sequestered or cease to exist as a body corporate), nor (ii) the appointment of a receiver, administrator, administrative receiver, compulsory manager, ADI statutory manager or other similar officer (other than a Liquidator) in respect of the Issuer, constitutes a Winding-Up for the purposes of these Conditions; and

Write-off means that, in respect of a Subordinated Note or a percentage thereof, the rights of the relevant Holder of the Subordinated Note or percentage thereof are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Trigger Event Date in accordance with Condition 5.3 ("No further rights") and "**Written-off**" shall have a corresponding meaning.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

(a) a group of persons is a reference to any two or more of them jointly and to each of them individually;

(b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;

(c) an agreement, representation or warranty by two or more persons binds them jointly and each of them individually, but an agreement, representation or warranty by the Arranger or a Dealer binds the Arranger or Dealer, individually only;

(d) anything (including an amount) is a reference to the whole and each part of it;

(e) a document includes any variation or replacement of it;

(f) "**law**" means common law, principles of equity and laws made by parliament (and laws made by parliament include federal or state laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(g) a "**directive**" includes a treaty, official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;

(h) the "**Corporations Act**" is to the Corporations Act 2001 of Australia;

(i) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;

(j) "**Australian dollars**" or "**A$**" is a reference to the lawful currency of Australia;

(k) a time of day is a reference to Sydney time;

(l) if a notice must be given within a certain period of days, the day on which the notice is given, and the day on which the thing is to happen, are not to be counted in calculating that period;

(m) the word "**person**" includes an individual, a firm, a body corporate, an unincorporated association and an authority;

(n) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and

(o) the words "**including**", "**for example**" or "**such as**" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

1.3 Number

The singular includes the plural and vice versa.

1.4 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

1.5 References to particular terms

Unless the contrary intention appears, in these Conditions:

(a) a reference to an "**Agency Agreement**" is a reference to each Agency Agreement applicable to the Subordinated Notes of the relevant Series;

(b) a reference to an "**Agent**" is a reference to each Agent appointed to act in respect of Subordinated Notes of the relevant Series;

(c) a reference to a "**Subordinated Note**" is a reference to a Subordinated Note of a particular Series issued by the Issuer specified in the Pricing Supplement;

(d) a reference to a "**Holder**" is a reference to the holder of Subordinated Notes of a particular Series;

(e) a reference to a "**Pricing Supplement**" is a reference to the Pricing Supplement applicable to the Subordinated Notes of the particular Series specified in that Pricing Supplement;

(f) a reference to a "**Deed Poll**" is a reference to the Deed Poll applicable to the Subordinated Notes of a particular Series as specified in the Pricing Supplement for those Subordinated Notes;

(g) a reference to "**outstanding**" is a reference to Subordinated Notes which have not been (i) redeemed or satisfied in full by the Issuer or (ii) Converted or Written-off; and

(h) a reference to a particular date (except any date referred to in Condition 5 ("Non-Viability, Conversion and Write-off") or Condition 6 ("Procedures for Conversion")) is a reference to that date adjusted in accordance with the applicable Business Day Convention.

1.6 References to principal and interest

Unless the contrary intention appears, in these Conditions:

(a) any reference to "**principal**" is taken to include any other amount in the nature of principal payable in respect of the Subordinated Notes under these Conditions;

(b) the Outstanding Principal Amount of a Subordinated Note which has been Converted or Written-off as described in, and in accordance with, Conditions 5 ("Non-Viability, Conversion and Write-off") and 6 ("Procedures for Conversion") will be reduced by the principal amount so Converted or Written-off; and

(c) any reference to "**interest**" is taken to include any other amount in the nature of interest payable in respect of the Subordinated Notes under these Conditions.

1.7 Terms defined in Pricing Supplement

Terms which are defined in the Pricing Supplement have the same meaning when used in these Conditions but if the Pricing Supplement gives no meaning or specifies that the definition is "Not Applicable", then that definition is not applicable to the Subordinated Notes.

2 Introduction

2.1 Programme

Subordinated Notes are issued under the Programme.

2.2 Pricing Supplement

(a) The Issuer will issue the Subordinated Notes on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Subordinated Notes. If there is any inconsistency between these Conditions and such Pricing Supplement, the Pricing Supplement prevails.

(b) Subordinated Notes are issued in Series. A Series will comprise a single Tranche.

(c) Copies of the Pricing Supplement are available for inspection or upon request by a Holder or prospective Holder during normal business hours at the Specified Office of the Issuer or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

2.3 Types of Subordinated Notes

A Subordinated Note is either:

(a) a Fixed Rate Note; or

(b) a Floating Rate Note,

or a combination of the above as specified in the relevant Pricing Supplement.

2.4 Issue restrictions

Unless otherwise specified in any applicable Pricing Supplement, Subordinated Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Subordinated Notes, if:

(a) on any resulting issue, the aggregate consideration payable to the Issuer by the relevant subscriber is at least A$500,000 (or its equivalent in an alternative currency, and in either case, disregarding moneys lent by the Issuer or its associates to the subscriber) or the offer or invitation for the issue of the Subordinated Notes does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(b) the offer or invitation does not constitute an offer to "retail clients" for the purposes of section 761G of the Corporations Act; and

(c) the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the issue takes place.

2.5 Denomination

Subordinated Notes shall be issued in the Denomination specified in the Pricing Supplement.

2.6 Currency

Subordinated Notes will be denominated in Australian dollars.

2.7 Clearing Systems

If the Subordinated Notes are held in a Clearing System, the rights of a person holding an interest in those Subordinated Notes are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do. To the extent of any inconsistency between the rules and regulations of a Clearing System and these Conditions which may affect the eligibility of the Subordinated Notes as Tier 2 Capital of the Issuer, then these Conditions (together with the terms of any applicable Pricing Supplement) will prevail.

3 Form

3.1 Constitution

(a) Subordinated Notes are debt obligations of the Issuer constituted by, and owing under, the Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register.

(b) Holders of the Subordinated Notes are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of these Conditions and the Deed Poll.

3.2 Form

Subordinated Notes are issued in registered form by entry in the Register.

3.3 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or they are required by any applicable law or directive.

4 Status and ranking

The Subordinated Notes are not deposit liabilities or protected accounts of any member of the MyState Group for the purposes of the Banking Act 1959 of Australia.

4.1 Status and ranking of Subordinated Notes

(a) Subordinated Notes constitute direct, subordinated and unsecured obligations of the Issuer and will rank for payment in a Winding-Up as set out in Condition 4.3 ("Winding-Up").

(b) Subordinated Notes of each Series rank *pari passu* among themselves.

(c) Subordinated Notes rank subordinate to Senior Creditors. The Subordinated Notes are not deposit liabilities or protected accounts of any member of the MyState Group for the purposes of the Banking Act 1959 of Australia.

(d) Holders do not have any right to prove in a Winding-Up in respect of Subordinated Notes, except as permitted under Condition 4.3 ("Winding-Up").

4.2 Solvency condition

Prior to a Winding-Up:

(a) the obligation of the Issuer to make any payment of principal or interest in respect of Subordinated Notes shall be conditional upon the Issuer being Solvent at the time the payment or other amount owing falls due; and

(b) no amount is payable by the Issuer in respect of the Subordinated Notes unless, at the time of and immediately after such payment, the Issuer is Solvent.

A certificate signed by two directors of the Issuer or, if the Issuer is in Winding-Up, the Liquidator, shall, in the absence of fraud or manifest or proven error, be sufficient evidence as to whether or not the Issuer is Solvent. In the absence of such a certificate, a Holder shall be entitled to assume (unless the contrary is proved) that the Issuer is and will after any payment aforesaid be Solvent.

If all or any part of an amount that is due and payable is not paid because, at the time of and immediately after payment of the amount, the Issuer would not be Solvent, then Holders shall have a claim or entitlement in respect of such non-payment only on the occurrence of an Event of Default for Subordinated Notes as set out in Conditions 16.1 ("Events of Default") and 16.2 ("Consequences of an Event of Default"), and such non-payment does not otherwise constitute an Event of Default.

Provided that Subordinated Notes have not been fully Converted or Written-off, any amount not paid due to this clause 4.2(b) accumulates without compounding and remains a debt owing to the Holder by the Issuer until it is paid and shall be payable on the first to occur of:

(i) the date on which clause 4.2(b) would not apply (whether or not such date is otherwise a payment date);

(ii) an Event of Default; and

(iii) the Issuer being Wound-Up.

4.3 Winding-Up

(a) In a Winding-Up:

(i) Holders shall have no right or claim against the Issuer in respect of the principal of, interest on or Additional Amounts relating to their Subordinated Notes, to the extent such Subordinated Notes have been Converted or Written-off;

(ii) the claims of Holders against the Issuer in respect of Subordinated Notes that have not been Converted or Written-off will:

(A) be subordinated in right of payment to the claims of all Senior Creditors and all such claims of Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Subordinated Notes;

(B) rank equally with the obligations of the Issuer to the holders of other Subordinated Notes that have not been Converted or Written-off, and

the obligations of the Issuer to holders of Equal Ranking Instruments; and

(C) rank prior to, and senior in right of payment to, the obligations of the Issuer to holders of Ordinary Shares and other Junior Ranking Capital Instruments.

(b) Each Holder must not prove, and is taken to have waived, to the fullest extent permitted by law, any right to prove, in a Winding-Up as a creditor in respect of Subordinated Notes ranking for payment equally with, or in preference to, any Senior Creditor.

(c) Each Holder by its purchase or holding of Subordinated Notes is taken to acknowledge that Condition 4.1 ("Status and ranking of Subordinated Notes") constitutes a debt subordination for the purposes of section 563C of the Corporations Act and that such debt subordination is not affected by any act or omission of the Issuer or a Senior Creditor which might otherwise affect it at law. No consent of any Senior Creditor shall be required for any amendment of Condition 4.1 ("Status and ranking of Subordinated Notes") in relation to any outstanding Subordinated Notes.

(d) Each Holder must not exercise its voting rights (as a creditor in respect of Subordinated Notes) in a Winding-Up of the Issuer so as to defeat, negate or in any way challenge the enforceability of the subordination in Condition 4.1 ("Status and ranking of Subordinated Notes").

4.4 No set-off

Neither the Issuer nor any Holder of Subordinated Notes is entitled to set-off any amounts due in respect of Subordinated Notes held by the Holder against any amount of any nature owed by the Issuer to the Holder or by the Holder to the Issuer.

4.5 Holder's acknowledgements

Each Holder by its purchase or holding of Subordinated Notes is taken to acknowledge that:

(a) the Issuer intends that Subordinated Notes constitute Tier 2 Capital and be able to absorb losses at the point of non-viability as described in the Prudential Standards;

(b) the Issuer's obligations in respect of Subordinated Notes are subordinated in the manner provided in Condition 4.1 ("Status and ranking of Subordinated Notes"); and

(c) Subordinated Notes are subject to Conversion or Write-off in accordance with Conditions 5 ("Non-Viability, Conversion and Write-off") and 6 ("Procedures for Conversion"). The Pricing Supplement will specify whether the primary method of loss absorption will be:

(i) Conversion, subject to possible Write-off in accordance with Condition 5.3 ("No further rights"); or

(ii) Write-off without Conversion in accordance with Condition 5.3 ("No further rights").

If the Pricing Supplement does not specify the primary method of loss absorption, the primary method of loss absorption will be Conversion, subject to possible Write-off in accordance with Condition 5.3 ("No further rights").

5 Non-Viability, Conversion and Write-off

5.1 Non-Viability Trigger Event

(a) If a Non-Viability Trigger Event occurs, the Issuer must:

(i) subject to Condition 5.3 (“No further rights”), Convert; or

(ii) if the Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3 (“No further rights”), Write-off,

in either case, all Subordinated Notes, or where paragraph (a) of the definition of “Non-Viability Trigger Event” applies, a number of Subordinated Notes (or a percentage of the Outstanding Principal Amount of each Subordinated Note), as is necessary to satisfy APRA that the Issuer will not become non-viable.

(b) Where paragraph (a) of the definition of “Non-Viability Trigger Event” applies, in determining the number of Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note which must be Converted or Written-Off in accordance with this Condition 5.1, the Issuer will:

(i) first, convert, write-off or write-down the face value or outstanding principal amount of all outstanding Relevant Tier 1 Instruments before Conversion, Write-off of the Subordinated Notes; and

(ii) secondly, if conversion, write-off or write-down of all Relevant Tier 1 Instruments is not sufficient to satisfy APRA that the Issuer would not become non-viable, Convert or Write-off (in the case of the Subordinated Notes) and convert, write-off or write-down (in the case of any Relevant Tier 2 Instruments), on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable, the face value or Outstanding Principal Amount (or a percentage thereof) of the Subordinated Notes and the outstanding principal amount (or a percentage thereof) of any Relevant Tier 2 Instruments (subject to such adjustments as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Subordinated Notes or Relevant Tier 2 Instruments remaining on issue),

but such determination will not impede the immediate Conversion or Write-off of the relevant Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note (as the case may be).

(c) If a Non-Viability Trigger Event occurs:

(i) the Subordinated Notes or the percentage of the Outstanding Principal Amount of each Subordinated Note determined in accordance with Conditions 5.1(a) and (b), shall be Converted or Written-off immediately upon the occurrence of the Non-Viability Trigger Event in accordance with Conditions 5.2 (“Automatic Conversion or Write-off upon the occurrence of a Non-Viability Trigger Event”) and 6 (“Procedures for Conversion”). The Conversion or Write-off will be irrevocable;

(ii) the Issuer must give notice to Holders of Subordinated Notes in accordance with Condition 21 (“Notices”) and the ASX (if the Subordinated Notes are listed on the ASX) as soon as practicable that a Non-Viability Trigger Event has occurred and that Conversion or Write-off has occurred on the Non-Viability Trigger Event Date;

(iii) the notice must specify (A) the date on which Conversion or Write-off occurred (“**Non-Viability Trigger Event Date**”) and the Subordinated Notes or the percentage of the Outstanding Principal Amount of each Subordinated Note which was Converted or, if Condition 5.3 (“No further rights”) is applicable, Written-off, and (B) details of the Relevant Capital Instruments converted, written-off or written down in accordance with Condition 5.1(b); and

(iv) in the case of Conversion, the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Subordinated Notes remaining on issue.

Failure to undertake any of the steps in Conditions 5.1(c)(ii) to (iv) does not prevent, invalidate or otherwise impede Conversion or Write-off.

5.2 Automatic Conversion or Write-off upon the occurrence of a Non-Viability Trigger Event

If a Non-Viability Trigger Event has occurred and all or some Subordinated Notes are (or a percentage of the Outstanding Principal Amount of each Subordinated Note is) required to be Converted or Written-off in accordance with Condition 5.1 ("Non-Viability Trigger Event"), then:

(a) Conversion or Write-off of the relevant Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note will occur in accordance with Condition 5.1 ("Non-Viability Trigger Event") and, if applicable, Condition 5.3 ("No further rights"), immediately upon the Non-Viability Trigger Event Date;

(b) in the case of Conversion and subject to Condition 6.10 ("Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder; Clearing Systems"), the entry with respect to a Holder's Subordinated Notes in the Register will constitute an entitlement of that Holder to (i) the Conversion Number of Ordinary Shares in respect of such Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note in accordance with Condition 6.1 ("Conversion"), and (ii) unless the Subordinated Notes shall have been Written-off in full, to Subordinated Notes with an Outstanding Principal Amount equal to the Residual Outstanding Principal Amount of each Subordinated Note, and the Issuer will recognise the Holder as having been issued the Conversion Number of Ordinary Shares for all purposes, in each case without the need for any further act or step by the Issuer, the Holder or any other person (and the Issuer will, as soon as possible thereafter and without delay on its part, take any appropriate procedural steps to record such Conversion, including updating the Register and the Ordinary Share register); and

(c) a Holder of Subordinated Notes has no further right or claim under these Conditions in respect of such Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note (including to payments of interest or the repayment of principal), except in the case of Conversion and subject to Condition 6.10 ("Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder; Clearing Systems") in relation to the Holder's entitlement to the Conversion Number of Ordinary Shares in accordance with Condition 6 ("Procedures for Conversion") and the Holder's entitlement, if any, to Subordinated Notes representing the Outstanding Principal Amount of such Subordinated Notes which have not been required to be Converted.

5.3 No further rights

If:

(a) for any reason, Conversion of any Subordinated Notes (or a percentage of the Outstanding Principal Amount of any Subordinated Note) required to be Converted under Condition 5.1 ("Non-Viability Trigger Event") does not occur within 5 ASX Business Days after the Non-Viability Trigger Event Date; or

(b) the Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with this Condition 5.3,

then:

(c) the relevant Holders' rights and claims under these Conditions in relation to such Subordinated Notes or the Outstanding Principal Amount of such Subordinated Notes (including to payments of interest or the repayment of principal and, in the case of Conversion, to be issued with the Conversion Number of Ordinary Shares in respect of such Subordinated Notes or the percentage of Outstanding Principal Amount of each Subordinated Note), are immediately and irrevocably written-off and terminated ("**Written-off**") on the Non-Viability Trigger Event Date; and

(d) the Outstanding Principal Amount of such Subordinated Notes is reduced on that date by the Outstanding Principal Amount of the Subordinated Notes to be Converted or Written-off, as determined in accordance with Conditions 5.1(a) and (b) ("Non-Viability Trigger Event") and any accrued and unpaid interest shall be correspondingly reduced.

5.4 Consent to receive Ordinary Shares and other acknowledgements

Subject to any Write-off required in accordance with Condition 5.3 ("No further rights"), each Holder of Subordinated Notes by its purchase or holding of a Subordinated Note irrevocably agrees that:

(a) upon Conversion in accordance with this Condition 5 ("Non-Viability, Conversion and Write-off") and Condition 6 ("Procedures for Conversion"), it consents to becoming a member or shareholder of the Issuer and agrees to be bound by the constitution of the Issuer;

(b) Conversion must occur in accordance with these terms notwithstanding anything that might otherwise affect a Conversion of Subordinated Notes including:

(i) any change in the financial position of the MyState Group since the issue of the Subordinated Notes;

(ii) any disruption to the market or potential market for Ordinary Shares or capital markets generally; or

(iii) any breach by the Issuer of any obligation in connection with the Subordinated Notes;

(c)

(i) Conversion is not subject to any conditions other than those expressly provided for in this Condition 5 ("Non-Viability, Conversion and Write-off") and Condition 6 ("Procedures for Conversion");

(ii) Conversion must occur immediately on the Non-Viability Trigger Event Date and that may result in disruption or failures in trading or dealings in the Subordinated Notes;

(iii) it will not have any rights to vote in respect of any Conversion (whether as a Holder of Subordinated Notes or as a prospective holder of an Ordinary Share); and

(iv) notwithstanding Condition 6.9 ("Status and listing of Ordinary Shares"), Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;

(d) where Condition 5.3 ("No further rights") applies, no other conditions or events will affect the operation of that Condition and it will not have any rights to vote in respect of any Write-off under that Condition; and

(e) it has no remedies on account of the failure of the Issuer to issue Ordinary Shares in accordance with Condition 6 ("Procedures for Conversion") other than, subject to Condition 5.3 ("No further rights"), to seek specific performance of the Issuer's obligation to issue Ordinary Shares.

5.5 Issue of ordinary shares of successor holding company

Where there is a replacement of the Issuer as the ultimate holding company of the MyState Group and the successor holding company is an Approved Successor, the Conditions may be amended in accordance with Condition 6.14 ("Amendment of Conditions relating to Conversion for successor holding company").

5.6 No rights before Conversion

Before Conversion, Subordinated Notes confer no rights on a Holder of Subordinated Notes to:

(a) vote at, or receive notices of, any meeting of shareholders or members of the Issuer;

(b) subscribe for new securities or to participate in any bonus issues of securities of the Issuer; or

(c) otherwise participate in the profits or property of the Issuer.

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6 Procedures for Conversion

6.1 Conversion

On the relevant Conversion Date, subject to Conditions 5.3 ("No further rights") and 6.10 ("Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder; Clearing Systems"), the following provisions will apply.

(a) The Issuer will allot and issue the Conversion Number of Ordinary Shares for each Subordinated Note to each Holder of Subordinated Notes. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, either (x) the number specified, or determined in accordance with the relevant provisions in, the Pricing Supplement or, (y) if no Conversion Number and no such provisions are specified in the Pricing Supplement, calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Outstanding Principal Amount}}{\text{P x VWAP}}$$

where:

P means the number specified in the Pricing Supplement;

VWAP means the VWAP (as defined in Condition 1.1 ("Definitions") during the VWAP Period; and

Maximum Conversion Number means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Outstanding Principal Amount}}{\text{Issue Date VWAP x 0.20}}$$

(b) On the relevant Conversion Date:

(i) each Subordinated Note or portion thereof that is being so Converted (including the relevant Holder's right to payment of interest and repayment of

principal) will be immediately and irrevocably terminated for an amount equal to the Outstanding Principal Amount of such Subordinated Note and the Issuer will apply that Outstanding Principal Amount to subscribe for the Ordinary Shares to be allotted and issued under Condition 6.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this Condition 6.1 is to be applied as provided for in this Condition 6.1 and Holders of Subordinated Notes do not have any right to payment in any other way; and

(ii) all rights to the payment of interest (including any accrued interest) and repayment of principal in respect of the Subordinated Note or the relevant portion thereof are immediately and irrevocably terminated with effect on and from the Non-Viability Trigger Event Date and the Subordinated Note will be cancelled.

(c) If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Subordinated Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will not be issued or delivered on Conversion.

(d) Subject to Condition 6.10 ("Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder; Clearing Systems"), where Subordinated Notes are Converted, the Issuer will allot and issue the Ordinary Shares to the Holder on the basis that a Holder's name and address set out in the Register (or, if not set out in the Register, otherwise held by the Registrar) are the name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion unless:

(i) a Holder has notified the Issuer a different name and address; and

(ii) provided such other information as is reasonably requested by the Issuer (including, without limitation security account details in CHESS or such other account to which the Ordinary Shares issued on Conversion are to be credited),

which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the relevant Conversion Date.

6.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under Condition 6.1 ("Conversion"):

(a) where, on some or all of the ASX Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Subordinated Notes will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or entitlement, then the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will be reduced by an amount ("**Cum Value**") equal to:

(i) in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Legislation;

(ii) in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under Condition 6.2(a)(i) which is traded on ASX on any of those ASX Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the ASX

Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or

(iii) in the case of other entitlements for which adjustment is not made under Conditions 6.2(a)(i) or (ii), the value of the entitlement as reasonably determined by the Issuer; and

(b) where, on some or all of the ASX Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Subordinated Notes will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

6.3 Adjustments to VWAP for capital reconstruction

(a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares) ("**Reclassification**") into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the VWAP applicable on the ASX Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares immediately after the Reclassification.

(b) Any adjustment made by the Issuer in accordance with Condition 6.3(a) will be effective and binding on Holders under these Conditions and these Conditions will be construed accordingly.

6.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under Condition 6.1 ("Conversion"), adjustments will be made in accordance with Conditions 6.2 ("Adjustments to VWAP generally") and 6.3 ("Adjustments to VWAP for capital reconstruction") during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

(a) may be made by the Issuer in accordance with Conditions 6.5 ("Adjustments to Issue Date VWAP for bonus issues"), 6.6 ("Adjustments to Issue Date VWAP for capital reconstruction") and 6.7 ("No adjustment to Issue Date VWAP in certain circumstances"); and

(b) if so made, will be effective and binding on Holders under these Conditions and these Conditions will be construed accordingly.

6.5 Adjustments to Issue Date VWAP for bonus issues

(a) Subject to Conditions 6.5(b) and 6.5(c), if the Issuer makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = Vo \times RD / (RD + RN)$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

Vo means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

(b) Condition 6.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.

(c) For the purposes of this Condition 6.5, an issue will be regarded as a bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.

6.6 Adjustments to Issue Date VWAP for capital reconstruction

If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares) into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the ASX Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

6.7 No adjustment to Issue Date VWAP in certain circumstances

Notwithstanding the provisions of Condition 6.5 (“Adjustments to Issue Date VWAP for bonus issues”) and 6.6 (“Adjustments to Issue Date VWAP for capital reconstruction”), no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded to the nearest whole cent with A$0.005 being rounded upwards) would be less than one per cent. of the Issue Date VWAP then in effect.

6.8 Announcement of adjustments to Issue Date VWAP

The Issuer will notify any adjustment to the Issue Date VWAP under this Condition 6 ("Procedures for Conversion") to ASX and to the Holders in accordance with Condition 21 ("Notices") within 10 ASX Business Days of the Issuer determining the adjustment and the adjustment will be final and binding.

6.9 Status and listing of Ordinary Shares

(a) Ordinary Shares issued or arising from Conversion will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Conversion do not take effect until 5.00pm on the relevant Conversion Date (or such other time required by APRA).

(b) The Issuer will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Subordinated Notes on ASX.

6.10 Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder; Clearing Systems

(a) If a Subordinated Note (or a percentage thereof) is required to be Converted and:

(i) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the relevant Conversion Date;

(ii) the Holder is an Ineligible Holder; or

(iii) the Issuer has not received (for any reason whether or not due to the fault of that Holder) any information required by it in accordance with the Conditions so as to impede the Issuer issuing the Ordinary Shares to a Holder on the Conversion Date,

then, on the relevant Conversion Date, such Subordinated Note (or percentage thereof) being Converted (including the right of the Holder to payment of interest and repayment of principal) is immediately and irrevocably terminated and the Issuer will issue the relevant Conversion Number of Ordinary Shares to a Sale and Transfer Agent for no additional consideration. At the first opportunity to sell the Ordinary Shares, the Sale and Transfer Agent will arrange for their sale at market value and pay the proceeds received after deducting any applicable brokerage, stamp duty and other similar taxes and charges to the relevant Holder (unless, because the Holder is an Ineligible Holder, the Sale and Transfer Agent is deemed to be an Ineligible Holder, in which case such issue will occur as soon as practicable after the Sale and Transfer Agent ceases to be an Ineligible Holder). Any delay in the issue of Ordinary Shares to a Sale and Transfer Agent under this Condition 6.10(a) is subject to Condition 6.10(e).

(b) If a Subordinated Note (or a percentage thereof) is required to be Converted and the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems) and the rules and regulations do not permit that Holder to be issued with Ordinary Shares, then, on the relevant Conversion Date, such Subordinated Note (or percentage thereof) being Converted (including the right of the Holder to payment of interest and repayment of principal) is immediately and irrevocably terminated and the Issuer will issue the relevant Conversion Number of Ordinary Shares to a Sale and Transfer Agent for no additional consideration on terms that they are dealt with in accordance with Condition 6.10(c) and 6.10(d) (unless, because the Clearing System or its nominee is an Ineligible Holder, the Sale and Transfer Agent is deemed to be an Ineligible

Holder, in which case such issue will occur as soon as practicable after the Sale and Transfer Agent ceases to be an Ineligible Holder). Any delay in the issue of Ordinary Shares to a Sale and Transfer Agent under this Condition 6.10(b) is subject to Condition 6.10(e).

(c) Where Ordinary Shares are to be issued to one or more Sale and Transfer Agents in accordance with Condition 6.10(b), a Clearing System Participant may, no later than the date specified in the Pricing Supplement ("**Clearing System Cut-off Date**"), provide to the Issuer and the relevant Sale and Transfer Agent:

(i) its name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion;

(ii) the Holder's security account details in CHESS or such other account to which the Ordinary Shares issued on Conversion are to be credited; and

(iii) such other information as is reasonably requested by the Issuer,

and, if it does so, the Sale and Transfer Agent will transfer the relevant Ordinary Shares to the Clearing System Participant thereafter.

(d) If a Clearing System Participant:

(i) fails to provide the information required by Condition 6.10(c) by the Clearing System Cut-off Date;

(ii) notifies the Issuer that it does not wish to receive Ordinary Shares on or prior to the Clearing System Cut-off Date; or

(iii) would be an Ineligible Holder if the Clearing System Participant's name had been entered in a Register as the owner of the corresponding Subordinated Notes immediately prior to Conversion,

then, with effect from the Clearing System Cut-off Date, the Clearing System Participant will cease to be entitled to receive Ordinary Shares in relation to each corresponding Subordinated Note which was Converted and at the first opportunity to sell the Ordinary Shares after the Clearing System Cut-off Date, the Sale and Transfer Agent will arrange for their sale at market value and pay the proceeds received after deducting any applicable brokerage, stamp duty and other similar taxes and charges to the Clearing System Participant.

(e) If Conversion under this Condition 6.10 does not occur within 5 ASX Business Days, then Holders' rights will be immediately and irrevocably terminated in accordance with Condition 5.3 ("No further rights").

(f) The provisions of this Condition 6.10 ("Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder; Clearing Systems") will not impede the immediate Conversion or Write-off of the relevant number of Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note (as the case may be).

6.11 Conversion or Write-off if amounts not paid

For the avoidance of doubt, Conversion or Write-off may occur even if an amount is not paid to a Holder as a consequence of Condition 4.3 ("Winding-Up").

6.12 Conversion or Write-off after Winding-Up commences

If an order is made by a court, or an effective resolution is passed, for a Winding-Up, and a Non-Viability Trigger Event occurs, then Conversion or Write-off shall occur (subject to

Condition 5.3 ("No further rights")) in accordance with Conditions 5.1 ("Non-Viability Trigger Event") and 5.2 ("Automatic Conversion or Write-off upon the occurrence of a Non-Viability Trigger Event").

6.13 Conversion or Write-off of a percentage of Outstanding Principal Amount

(a) If under these Conditions it is necessary to Convert or Write-off a percentage of the Outstanding Principal Amount of a Subordinated Note upon the occurrence of a Non-Viability Trigger Event, this Condition 6 ("Procedures for Conversion") will apply to the Conversion or Write-off as if references to the Outstanding Principal Amount were references to the relevant percentage of the Outstanding Principal Amount to be Converted or Written-off multiplied by the Outstanding Principal Amount.

(b) In respect of any Subordinated Note which is to be Converted or Written-Off only in part:

(i) the Issuer shall notify the Registrar of the Outstanding Principal Amount of such Subordinated Note that has been Converted or Written-Off and instruct the Registrar to reflect this Conversion or Write-Off (as applicable) in the Register so that the Outstanding Principal Amount of such Subordinated Note is reduced to an amount equal to the non-Converted or non-Written-Off (as applicable) portion of the Outstanding Principal Amount of such Subordinated Note;

(ii) the amount of interest payable and any related amount in respect of that Subordinated Note on each Interest Payment Date falling immediately after that Non-Viability Trigger Event Date will be calculated on the Outstanding Principal Amount of that Subordinated Note as reduced on the day of the Conversion or Write-Off; and

(iii) the Denomination and any related amount shall be reduced in the same proportion as the Outstanding Principal Amount Converted or Written-Off in respect of that Subordinated Note bears to the Outstanding Principal Amount of that Subordinated Note before such Conversion or Write-Off.

6.14 Amendment of Conditions relating to Conversion for successor holding company

(a) If:

(i) it is proposed that the Issuer be replaced ("a **Replacement**") as the ultimate holding company of the MyState Group by an Approved Successor; and

(ii) the Approved Successor agrees to expressly assume the Issuer's obligations in respect of the Subordinated Notes by entering into a deed poll for the benefit of Holders under which it agrees (among other things):

(A) to deliver fully paid ordinary shares in the capital of the Approved Successor ("**Approved Successor Shares**") under all circumstances when the Issuer would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these Conditions as amended by this Condition 6.14; and

(B) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved Successor Shares issued under these Conditions on the stock or securities exchange on which the other Approved Successor Shares are quoted at the time of a Conversion,

the Issuer may, with APRA's prior written approval, but without the authority, assent or approval of Holders, give a notice (an "**Approved Replacement Notice**") to Holders (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 ASX Business Days before the Replacement occurs).

(b) An Approved Replacement Notice must specify the amendments to these Conditions in respect of the Subordinated Notes which will be made in accordance with this Condition 6.14, being those amendments which in the Issuer's reasonable opinion are necessary, expedient or appropriate to effect the substitution of the Approved Successor as the debtor in respect of Subordinated Notes and the issuer of ordinary shares on Conversion (including such amendments as are necessary, expedient or appropriate for the purposes of complying with any provisions of the Corporations Act or the Banking Act where the Approved Successor is not an authorised deposit-taking institution under the Banking Act).

(c) An Approved Replacement Notice, once given, is revocable if it is subsequently proposed that the Replacement does not, or cannot, for any reason whatsoever, proceed as intended.

(d) If the Issuer gives an Approved Replacement Notice to Holders in accordance with Condition 6.14(a), then with effect on and from the date specified in the Approved Replacement Notice:

(i) the Approved Successor will assume all of the obligations of, and succeed to, and be substituted for, and may exercise every right and power of, the Issuer in respect of the Subordinated Notes with the same effect as if the Approved Successor had been the original Issuer of the Subordinated Notes;

(ii) the Issuer (or any corporation which has previously assumed the obligations of the Issuer) will be released from its liability under these Conditions in respect of the Subordinated Notes; and

(iii) references to the Issuer in these Conditions will be taken to be references to the Approved Successor and references to Ordinary Shares in these Conditions will be taken to be references to Approved Successor Shares.

(e) If the Issuer gives an Approved Replacement Notice in accordance with Condition 6.14(a), then each Holder by its purchase and holding of a Subordinated Note shall be taken to have irrevocably consented to becoming a member or shareholder of the Approved Successor in respect of Approved Successor Shares issued on Conversion and to have agreed to be bound by the constitution of the Approved Successor.

(f) The Issuer must not issue an Approved Replacement Notice unless:

(i) APRA is satisfied that the capital position of the MyState Group on a "Level 2 basis" in accordance with the Prudential Standards will not be adversely affected by the Replacement; or

(ii) the Approved Successor or another entity which is not a Related Entity (other than an entity which is a direct or indirect parent entity of the Issuer) and is approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or take other steps acceptable to APRA to ensure that the capital position of the MyState Group on a "Level 2 basis" in accordance with the Prudential Standards will not be adversely affected by the Replacement, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to the Issuer to replace the Subordinated Notes.

Any capital injection carried out pursuant to Condition 6.14(f)(ii) must:

(A) be unconditional;

(B) occur simultaneously with the substitution of the Approved Successor; and

(C) be of equal or better quality capital and at least the same amount as the Subordinated Notes, unless otherwise approved by APRA in writing.

Nothing in this Condition 6.14 prevents the Issuer from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or shareholders or members of the Issuer.

6.15 Power of attorney

By holding a Subordinated Note each Holder irrevocably appoints each of the Issuer, its officers and any Liquidator or administrator of the Issuer (each an "**Attorney**") severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order to give effect to, or for the Holder to observe or perform the Holder's obligations under, Conditions 5 ("Non-Viability, Conversion and Write-off") and 6 ("Procedures for Conversion").

The power of attorney given in this Condition 6.15 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under Conditions 5 ("Non-Viability, Conversion and Write-off") and 6 ("Procedures for Conversion") and is irrevocable.

7 Title and transfer of Subordinated Notes

7.1 Title

Title to Subordinated Notes passes when details of the transfer are entered in the Register.

7.2 Effect of entries in Register

Each entry in the Register in respect of a Subordinated Note constitutes:

(a) an irrevocable undertaking by the Issuer to the Holder to:

(i) pay principal, any interest and any other amounts in accordance with these Conditions; and

(ii) otherwise to comply with the Conditions; and

(b) an entitlement to the other benefits given to Holders under these Conditions in respect of the Subordinated Note.

7.3 Ownership and non-recognition of interests

(a) Entries in the Register in relation to a Subordinated Note constitute conclusive evidence that the person so entered is the absolute owner of such Subordinated Note subject to correction for fraud or error.

(b) No notice of any trust or other interest in, or claim to, any Subordinated Note will be entered in a Register. Neither the Issuer nor the relevant Registrar need take notice of any trust or other interest in, or claim to, any Subordinated Note, except as ordered by a court of competent jurisdiction or required by any applicable law or directive. This Condition 7.3(b) applies whether or not a Subordinated Note is overdue.

7.4 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Subordinated Note then they are taken to hold that Subordinated Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Subordinated Note.

7.5 Transfer

Holders may only transfer Subordinated Notes in accordance with these Conditions.

7.6 Transfers in whole

Subordinated Notes may be transferred in whole but not in part.

7.7 Conditions of transfer

Subordinated Notes may only be transferred if the offer or invitation giving rise to the transfer (and any resulting transfer):

(a) is for an aggregate consideration of at least A$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the transferor or its associates to the transferee) or the offer or invitation for the transfer of the Subordinated Notes does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(b) does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act; and

(c) at all times, complies with all applicable laws and directives of the jurisdiction where the offer, invitation or transfer takes place.

7.8 Transfer procedures

(a) Interests in Subordinated Notes held in a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. If a Subordinated Note is lodged in the Austraclear System, neither the Issuer nor the relevant Registrar will recognise any such interest other than the interest of Austraclear as the Holder while that Subordinated Note is lodged in the Austraclear System.

(b) Application for the transfer of Subordinated Notes not held in a Clearing System must be made by the lodgment of a transfer form with the Registrar at its Specified Office. Transfer forms must be in the form available from the Issuer (or such other person as may be specified in a Pricing Supplement) and:

(i) each transfer form must be:

(1) duly completed and stamped (if applicable);

(2) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly executed; and

(3) signed by, or on behalf of, both the transferor and the transferee; and

(ii) transfers will be registered without charge provided all applicable Taxes have been paid.

7.9 Restrictions on transfers

Transfers of Subordinated Notes which are not lodged in a Clearing System cannot be made between a Record Date and the relevant Interest Payment Date if a redemption of such Subordinated Note is to occur during that period in accordance with these Conditions.

7.10 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred Subordinated Note and the transferee becomes so entitled in accordance with Condition 7.2 ("Effect of entries in Register").

7.11 CHESS

Subordinated Notes which are listed on the ASX will not be transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

7.12 Austraclear as Registrar

If Austraclear Services Limited (ABN 28 003 284 419) is the Registrar and the Subordinated Notes are lodged in the Austraclear System, despite any other provision of these Conditions, the Subordinated Notes are not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of the Subordinated Notes issued by it and no participant of the Austraclear System has the right to request any registration of any transfer of any such Subordinated Notes, except:

(a) for any repurchase, redemption or cancellation (whether on or before the Maturity Date of the Subordinated Notes) of such Subordinated Notes, a transfer of the relevant Subordinated Notes from Austraclear to the Issuer may be entered in the Register; and

(b) if either:

(i) Austraclear notifies the Registrar that the person in whose Security Record the relevant Subordinated Notes are recorded has stated that the person needs to be registered in the Register in relation to the relevant Subordinated Notes in order to pursue any rights against the Issuer (or any other person liable on the relevant Subordinated Notes) following an alleged default and that need appears to the Registrar (in its absolute discretion) to be reasonable; or

(ii) Austraclear exercises, or purports to exercise, any power it may have under the Austraclear Regulations, these Conditions or otherwise, to require the relevant Subordinated Notes to be transferred on the Register to a participant of the Austraclear System, the relevant Subordinated Notes may be transferred on the Register from Austraclear to that participant of the Austraclear System.

In any of the cases noted above, the relevant Subordinated Notes will cease to be held in the Austraclear System.

7.13 Austraclear as Holder

If Austraclear is recorded in the Register as the Holder, each person in whose Security Record (as defined in the Austraclear Regulations) a Subordinated Note is recorded is taken to acknowledge in favour of the Issuer, the Registrar and Austraclear that:

(a) the Registrar's decision to act as the Registrar of that Subordinated Note is not a recommendation or endorsement by the Registrar or Austraclear in relation to that Subordinated Note, but only indicates that the Registrar considers that the holding of the Subordinated Note is compatible with the performance by it of its obligations as Registrar under the Registry Services Agreement; and

(b) the Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

7.14 Estates

A person becoming entitled to a Subordinated Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Subordinated Note or, if so entitled, become registered as the holder of the Subordinated Note.

7.15 Unincorporated associations

A transfer of a Subordinated Note to an unincorporated association is not permitted.

7.16 Transfer of unidentified Subordinated Notes

If a Holder transfers some but not all of the Subordinated Notes it holds and the transfer form does not identify the specific Subordinated Notes transferred, the relevant Registrar may choose which Subordinated Notes registered in the name of Holder have been transferred. However, the aggregate principal amounts of the Subordinated Notes registered as transferred must equal the aggregate principal amount of the Subordinated Notes expressed to be transferred in the transfer form.

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8 Fixed Rate Notes

This Condition 8 ("Fixed Rate Notes") applies to the Subordinated Notes only if the Pricing Supplement states that it applies.

8.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its Outstanding Principal Amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate. Interest is payable in arrear on each Interest Payment Date.

8.2 Fixed Coupon Amount

(a) Unless otherwise specified in the Pricing Supplement and subject to paragraph (b), the amount of interest payable on each Interest Payment Date in respect of the preceding Interest Period will be the Fixed Coupon Amount specified in the Pricing Supplement.

(b) If the Outstanding Principal Amount of a Fixed Rate Note is reduced following a partial Conversion or Write-off in respect of that Note then the Issuer must, prior to the next Interest Payment Date, determine the reduced Fixed Coupon Amount payable by multiplying the applicable Interest Rate, the residual Outstanding Principal Amount of the Fixed Rate Note and dividing the result by the number of Interest Periods in a 12 month period.

(c) The Issuer must promptly notify the Registrar, the Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Subordinated Notes are listed quoted and/or traded of and change to the Fixed Coupon Amount calculated under paragraph (b).

(d) A determination by the Issuer of under paragraph (b) is, in the absence of wilful default, bad faith or manifest or proven error, final and binding on the Issuer, the Registrar, each Holder and each other Agent.

8.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period for which a Fixed Coupon Amount is not specified in the Pricing Supplement is calculated by multiplying the Interest Rate for that period, the Outstanding Principal Amount of the Fixed Rate Note and the applicable Day Count Fraction.

9 Floating Rate Notes

This Condition 9 ("Floating Rate Notes") applies to the Subordinated Notes only if the Pricing Supplement states that it applies.

9.1 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its Outstanding Principal Amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

(a) on each Interest Payment Date; or

(b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

9.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Note must be determined by the Calculation Agent in accordance with these Conditions.

9.3 Fallback Interest Rate

Unless otherwise specified in the Pricing Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 9.2 ("Interest Rate determination"), the Interest Rate for the Interest Period will be the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period.

9.4 ISDA Determination

If "ISDA Determination" is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the ISDA Rate.

In this Condition:

(a) "**ISDA Rate**" means, for an Interest Period, a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction if the Calculation Agent for the Floating Rate Notes were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the Pricing Supplement; and

(ii) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction; and

(b) "**Swap Transaction**", "**Floating Rate**", "**Calculation Agent**" (except references to "**Calculation Agent for the Floating Rate Notes**"), "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**", "**Period End Date**", "**Spread**" and "**Floating Rate Day Count Fraction**" have the meanings given to those terms in the ISDA Definitions.

9.5 Screen Rate Determination

If Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the Screen Rate.

In this Condition, "**Screen Rate**" means, for an Interest Period, the quotation offered for the Reference Rate appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date. However:

(a) if there is more than one offered quotation displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, the "**Screen Rate**" means the rate calculated by the Calculation Agent as the average of the offered quotations. If there are more than five offered quotations, the Calculation Agent must exclude the highest and lowest quotations (or in the case of equality, one of the highest and one of the lowest quotations) from its calculation;

(b) if an offered quotation is not displayed by the Relevant Time on the Interest Determination Date or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, the "**Screen Rate**" means:

(i) the rate the Calculation Agent calculates as the average mean of the Reference Rates that each Reference Bank quoted to the leading banks in the Relevant Financial Centre specified in the Pricing Supplement at the Relevant Time on the Interest Determination Date; or

(ii) where the Calculation Agent is unable to calculate a rate under paragraph (i) because it is unable to obtain at least two quotes, the rate the Calculation Agent calculates as the average of the rates (being the nearest equivalent to the Reference Rate) quoted by two or more banks chosen by the Calculation Agent in the Relevant Financial Centre at approximately the Relevant Time on the Interest Determination Date for a period equivalent to the Interest Period to leading banks carrying on business in the Relevant Financial Centre in good faith; or

(c) if the Pricing Supplement specifies an alternative method for the determination of the Screen Rate Determination, then that alternative method will apply.

9.6 BBSW Rate Determination

If BBSW Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the BBSW Rate.

In this Condition 9, "**BBSW Rate**" means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the "AVG MID" on the Reuters Screen BBSW Page at approximately 10.15am on the first day of that Interest Period. However, if such rate does not appear on the Reuters Screen BBSW Page by 10:30am on that day, or if it does appear but the Calculation Agent determines that there is an obvious error in that rate, "**BBSW Rate**" means the rate for that day will be the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%).

9.7 Linear Interpolation

If the Pricing Supplement states that "Linear Interpolation" applies to an Interest Period, the Interest Rate for that Interest Period will be determined through the use of straight line interpolation by reference to two ISDA Rates, Screen Rates, BBSW Rates or other floating rates specified in the Pricing Supplement, one of which shall be determined as if the Interest

Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement) and the other of which shall be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

10 General provisions applicable to interest

10.1 Calculation of Interest Rate and interest payable

(a) The Calculation Agent must:

(i) in relation to each Interest Period for each Floating Rate Note as soon as practicable after determining the Interest Rate, calculate the amount of interest payable for the Interest Period in respect of the Outstanding Principal Amount of such Subordinated Note; or

(ii) calculate the amount of interest payable for the Interest Period in respect of the Outstanding Principal Amount of each other Subordinated Note.

(b) Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the Outstanding Principal Amount of the Subordinated Note by the applicable Day Count Fraction.

(c) The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

10.2 Calculation of other amounts

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

10.3 Notification of Interest Rate, interest payable and other items

(a) The Calculation Agent must notify the Issuer, the Registrar, the Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Subordinated Notes are listed quoted and/or traded of:

(i) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date; and

(ii) any amendment to any amount, item or date referred to in paragraph (i) arising from any extension or reduction in any Interest Period or calculation period.

(b) The Calculation Agent must give notice under this Condition 10.3 as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate, the amount of interest payable and each Interest Payment Date by the fourth day of the Interest Period.

(c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the Registrar, the Holders, each other Agent and each stock or securities exchange or other relevant authority on which the Subordinated Notes are listed quoted and/or traded after doing so.

10.4 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of wilful default, bad faith or manifest or proven error, final and binding on the Issuer, the Registrar, each Holder and each other Agent.

10.5 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in the Pricing Supplement):

(a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest four decimal places (with 0.00005 per cent. being rounded up to 0.0001 per cent.);

(b) all figures resulting from the calculations must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and

(c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent.

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11 Redemption and purchase

Any early redemption, and any purchase and cancellation, of Subordinated Notes which qualify as regulatory capital under the prudential standards made by APRA and applicable to the Issuer is subject to the prior written approval of APRA and other conditions as set out below. Approval is at the discretion of APRA and may or may not be given.

11.1 Scheduled redemption

Each Subordinated Note will be redeemed by the Issuer on the Maturity Date at its Outstanding Principal Amount unless:

(a) the Subordinated Note has been previously redeemed, Converted or Written-off; or

(b) the Subordinated Note has been purchased and cancelled.

11.2 Early redemption for taxation reasons

The Issuer may redeem all (but not some) of the Subordinated Notes of a Series in whole before their Maturity Date at their Outstanding Principal Amount together with any interest accrued up to (but excluding) the Redemption Date if, as a consequence of:

(a) a change in law which has been or will be effected; or

(b) an administrative decision (with which registered banks in Australia are required to, or habitually, comply) interpreting, applying or clarifying a law,

occurring after the Issue Date (but which the Issuer did not expect at the Issue Date):

(c) the Issuer is required under Condition 14.2 ("Withholding tax") to pay an Additional Amount in respect of a Subordinated Note; or

(d) the interest payable in respect of a Subordinated Note is not or may not be allowed as a deduction for Australian income tax purposes.

However, the Issuer may only do so if:

(i) the Issuer has given at least 30 days' (and no more than 90 days') (or any other period specified in the Pricing Supplement) notice to the Registrar, the

Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Subordinated Notes are listed quoted and/or traded;

(ii) before the Issuer gives the notice under paragraph (i), the Registrar has received an opinion of independent legal advisers of recognised standing in the Relevant Tax Jurisdiction, that either of the circumstances set out in paragraph (c) or (d) above has arisen;

(iii) the Registrar has received a certificate signed by two directors of the Issuer showing that either of the circumstances set out in paragraphs (c) or (d) above has arisen;

(iv) if paragraph (c) above applies, in the case of Floating Rate Notes:

(1) the proposed Redemption Date is an Interest Payment Date; and

(2) no notice of redemption is given earlier than 60 days before the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay Additional Amounts;

(v) the Issuer has obtained the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given); and

(vi) before or concurrently with redemption, the Issuer:

(1) replaces the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer and the MyState Group; or

(2) obtains confirmation from APRA that APRA is satisfied, having regard to the Level 1 and Level 2 capital position of the MyState Group, that the Issuer does not have to replace the Subordinated Notes.

11.3 Early redemption for regulatory reasons

If at any time the Issuer determines (supported by an opinion as to such determination from advisers of recognised standing in Australia or confirmation from APRA) that:

(a) as a result of a change in, or amendment to, applicable law or directive, or any change in their application or official or judicial interpretation (together, a "**Change**"), which Change becomes effective after the Issue Date, additional requirements would be imposed on the Issuer in respect of the Subordinated Notes which the directors of the Issuer determine in their absolute discretion to be unacceptable; or

(b) the Subordinated Notes have ceased, or will cease, to qualify as Tier 2 Capital as a result of a change in applicable law or directive (including the Prudential Standards),

then the Issuer may, by giving at least 30 days' (and no more than 90 days') (or any other period specified in the Pricing Supplement) notice in accordance with these Conditions to the Registrar and the Holders redeem all (but not some) of the Subordinated Notes on the date specified for redemption in such notice at their Outstanding Principal Amount together with any interest accrued up to (but excluding) such date.

The Issuer may give a notice under this Condition 11.3 only if:

(i) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given);

(ii) as at the Issue Date, the Issuer did not expect the event to occur; and

(iii) before or concurrently with redemption, the Issuer:

(1) replaces the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer and the MyState Group; or

(2) obtains confirmation from APRA that APRA is satisfied, having regard to the Level 1 and Level 2 capital position of the MyState Group, that the Issuer does not have to replace the Subordinated Notes.

11.4 Early redemption at the option of the Issuer (Issuer call)

If the Pricing Supplement states that the Issuer may redeem all or some of the Subordinated Notes of a Series before their Maturity Date under this Condition 11.4, the Issuer may redeem so many of the Subordinated Notes specified in the Pricing Supplement at their Outstanding Principal Amount and any interest accrued on it to (but excluding) the Redemption Date.

However, the Issuer may only do so if:

(a) the amount of Subordinated Notes to be redeemed is a multiple of their Denomination;

(b) the Issuer has given at least 30 days' (and no more than 90 days') (or any other period specified in the Pricing Supplement) notice to the Registrar, each Holder and any stock or securities exchange or other relevant authority on which the Subordinated Notes are listed, quoted and/or traded;

(c) the proposed redemption date is an Early Redemption Date (Call) specified in the Pricing Supplement;

(d) the Early Redemption Date (Call) occurs on, or after, the fifth anniversary of the Issue Date;

(e) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given);

(f) before or concurrently with redemption, the Issuer:

(i) replaces the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer and the MyState Group; or

(ii) obtains confirmation from APRA that APRA is satisfied, having regard to the Level 1 and Level 2 capital position of the MyState Group, that the Issuer does not have to replace the Subordinated Notes; and

(g) in all cases, any other condition specified in the Pricing Supplement is satisfied.

11.5 Partial redemptions

If only some of the Subordinated Notes are to be redeemed under Condition 11.4 ("Early redemption at the option of the Issuer (Issuer call)"), the Subordinated Notes to be redeemed will be specified in the notice and selected by the Issuer:

(a) in a fair and reasonable manner under the circumstances of the proposed redemption and having regard to prevailing market practice; and

(b) in compliance with any applicable law, directive or requirement of any stock or securities exchange or other relevant authority on which the Subordinated Notes are listed, quoted and/or traded.

11.6 Effect of notice of redemption

Any notice of redemption given under this Condition 11 ("Redemption and purchase") is irrevocable unless a Non-Viability Trigger Event occurs after the giving of such notice, in which case, such notice will be taken to be revoked immediately and automatically and Condition 5 ("Non-Viability, Conversion and Write-off") shall apply.

11.7 Purchase

(a) Subject to the prior written approval of APRA (which approval is at the discretion of APRA and may or may not be given), the Issuer and any of its Related Entities may at any time purchase Subordinated Notes in the open market or otherwise and at any price, provided that such Subordinated Notes are not acquired by a Related Entity that is not a tax resident of Australia unless such Subordinated Notes are acquired by it as part of a business carried on by it through a permanent establishment located within Australia.

(b) Subordinated Notes purchased under this Condition 11.7 shall be cancelled.

12 General provisions

12.1 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of Condition 14.2 ("Withholding tax").

12.2 Payments on Business Days

If a payment:

(a) is due on a Subordinated Note on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the applicable Business Day Convention; or

(b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue in accordance with these Conditions.

This Condition 12.2 does not apply to the application by the Issuer pursuant to Condition 6.1(b) ("Conversion") of the Outstanding Principal Amount of each Subordinated Note to be Converted to subscribe for Ordinary Shares to be allotted and issued under Condition 6.1 ("Conversion").

12.3 Currency indemnity

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than the currency in which it is due:

(a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual costs in connection with the conversion; and

(b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

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13 Payments on Subordinated Notes

13.1 Payment of principal

Payments of the principal in respect of a Subordinated Note will be made in cash to each person who is the Holder at 10.00am on the payment date (or to the first person registered in the case of joint holders).

13.2 Payment of interest

Payments of interest in respect of a Subordinated Note will be made in cash to each person who is the Holder at the close of business on the Record Date (or to the first person registered in the case of joint holders).

13.3 Payments to accumulate

If a payment of principal or interest in respect of a Subordinated Note is improperly withheld or refused or not paid when due and payable, such amount will accumulate (without compounding) until the date on which payment is made.

13.4 Payments to accounts

Payments in respect of the Subordinated Note will be made in Australia and:

(a) if the Subordinated Note is held in the Austraclear System, by crediting on the payment date, the amount due to:

(i) the account of Austraclear (as the Holder) in the country of the currency in which the Subordinated Note is denominated previously notified to the Issuer and the Registrar; or

(ii) if requested by Austraclear, the accounts of the persons in whose Security Record (as defined in the Austraclear Regulations) a Subordinated Note is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with Austraclear Regulations; and

(b) if the Subordinated Note is not held in the Austraclear System, by crediting on the payment date, the amount then due under each Subordinated Note to an account previously notified by the Holder to the Issuer and the Registrar.

13.5 Payments by cheque

If a Holder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Subordinated Note will be made by cheque sent by prepaid registered post on the Business Day immediately before the payment date, at the risk of the Holder, to the Holder (or to the first named joint holder of the Subordinated Note) at its address appearing in the Register at the close of

business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the Subordinated Note as a result of the Holder not receiving payment on the due date.

14 Taxation

14.1 No set-off, counterclaim or deductions

All payments in respect of the Subordinated Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by law.

14.2 Withholding tax

Subject to Condition 14.3 ("Withholding tax exemptions"), if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Subordinated Notes such that the Holder would not actually receive on the due date the full amount provided for under the Subordinated Notes, then:

(a) the Issuer agrees to withhold or deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and

(b) if the amount withheld or deducted is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the Issuer will pay an additional amount ("**Additional Amount**") so that, after making the withholding or deduction and further withholdings or deductions applicable to Additional Amounts payable under this Condition 14.2, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made.

14.3 Withholding tax exemptions

No Additional Amounts are payable under Condition 14.2 ("Withholding tax") in respect of any Subordinated Note:

(a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Subordinated Note by reason of the person having some connection with a Relevant Tax Jurisdiction other than the mere holding of such Subordinated Note or receipt of payment in respect of the Subordinated Note provided that a Holder shall not be regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Australian Tax Act where, and to the extent that, such taxes are payable by reason of section 128B(2A) of the Australian Tax Act;

(b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any tax authority;

(c) to, or to a third party on behalf of, a Holder who is an Offshore Associate of the Issuer and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;

(d) to, or to a third party on behalf of an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate tax file number, (if applicable) an Australian business number or other exemption details;

(e) upon or with respect to the issuance of any Ordinary Shares upon Conversion;

(f) where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of the Commonwealth of Australia or any similar law; or

(g) in such other circumstances as may be specified in the Pricing Supplement.

Notwithstanding any other provision of these Conditions, if the Issuer, or any other person through whom payments on the Notes are made, is required to withhold or deduct amounts under or in connection with, or in order to ensure compliance with FATCA, the Issuer or that other person shall be permitted to make such withholding or deduction, and Holders and beneficial owners of Notes will not be entitled to receive any gross up, Additional Amount or other amount for such withholding or deduction.

15 Time limit for claims

A claim against the Issuer for a payment under a Subordinated Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.

16 Events of Default

16.1 Events of Default

An event of default occurs in relation to the Subordinated Notes of any Series if any of the following events occurs and is continuing (each an "**Event of Default**"):

(a) (**non-payment**) if default by the Issuer is made in the payment of any interest or principal due in respect of any Subordinated Notes of the Series or any of them and such default continues for a period of seven days (in the case of interest) or three days (in the case of principal) (or such other period as may be specified in the Pricing Supplement) (for the avoidance of doubt, it will not be an Event of Default for Subordinated Notes if all or any part of an amount that is due and payable is not paid because of the application of Condition 4.2 ("Solvency condition")); or

(b) (**Winding-Up**) if the Issuer is being Wound-Up.

16.2 Consequences of an Event of Default

(a) If an Event of Default described in Condition 16.1(a) occurs and continues unremedied in respect of a Subordinated Note, then the Holder of that Subordinated Note may:

(i) initiate proceedings to recover any amount then due and payable but unpaid on the Subordinated Note (subject to the Issuer being able to make the payment and remain Solvent);

(ii) initiate proceedings to obtain an order for specific performance of any other obligation under the Subordinated Note; or

(iii) initiate proceedings for a Winding-Up of the Issuer.

No remedy against the Issuer (including, without limitation, any right to sue for a sum of damages which has the same economic effect of an acceleration of the Issuer's payment obligations), other than the remedies set out in paragraphs (i) to (iii) above or, subject to Condition 4.1 ("Status and ranking of Subordinated Notes"), for proving or claiming in any Winding-Up, shall be available to a Holder of any Subordinated Notes for the recovery of amounts owing in respect of the Subordinated Notes or in respect

of any breach by the Issuer of any obligation, condition or provision binding on it under the terms of the Subordinated Notes.

(b) If an Event of Default described in Condition 16.1(b) occurs and continues unremedied in respect of a Subordinated Note, then:

(i) the Subordinated Notes will, subject to Condition 16.2(b)(ii), without further action, become due and payable and a Holder, subject to Condition 4.1 ("Status and ranking of Subordinated Notes"), prove or claim in any Winding-Up; and

(ii) no remedy against the Issuer (including, without limitation, any right to sue for a sum of damages which has the same economic effect of an acceleration of the Issuer's payment obligations), other than the institution of proceedings for the Winding-Up or, subject to Condition 4.1 ("Status and ranking of Subordinated Notes"), for proving or claiming in any Winding-Up, shall be available to a Holder of any Subordinated Notes for the recovery of amounts owing in respect of the Subordinated Notes or in respect of any breach by the Issuer of any obligation, condition or provision binding on it under the terms of the Subordinated Notes.

No Holder may exercise any other remedies against the Issuer as a consequence of an Event of Default other than as specified in this Condition 16.2 ("Consequences of an Event of Default").

16.3 Notification

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar, the Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Subordinated Notes are listed, quoted and/or traded of the occurrence of the Event of Default.

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17 Agents

17.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Holder except that, any funds received by an applicable Agent may, pending their application in accordance with the relevant Agency Agreement, be held by such Agent on trust for the benefit of the persons entitled to them.

17.2 Appointment and replacement of Agents

Each initial Agent for a Series of Subordinated Notes is specified in the Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

17.3 Change of Agent

Notice of any change of an Agent or its Specified Offices must promptly be given to the Holders by the Issuer or the Agent on its behalf.

17.4 Registrar

The Issuer must, in respect of a Series of Subordinated Notes and at all times during which Subordinated Notes are outstanding, maintain a Registrar.

18 Meetings of Holders

The Meetings Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Holders of any Series to consider any matter affecting their interests, including any variation of these Conditions.

19 Variation

19.1 Variation with consent

Unless Condition 19.2 ("Variation without consent") applies but subject to clause 19.3 ("APRA consent"), any Condition may be varied by the Issuer with the prior approval from the Holders of the Series by Extraordinary Resolution in accordance with the Meetings Provisions.

19.2 Variation without consent

Subject to clause 19.3 ("APRA consent"), any Condition or the Deed Poll may be amended by the Issuer without the consent of the Holders if the amendment:

(a) is of a formal, minor or technical nature;

(b) is made to correct a manifest or proven error;

(c) is not materially prejudicial to the interests of the Holders; or

(d) only applies to Subordinated Notes issued after the date of amendment.

19.3 APRA consent

Any variation of the Conditions of Subordinated Notes or the Deed Poll which may affect the eligibility of the Subordinated Notes for inclusion as Tier 2 Capital of the Issuer is subject to the prior written approval of APRA (which approval is at the discretion of APRA and may or may not be given).

20 Further issues

The Issuer may from time to time, without the consent of the Holders, issue any securities ranking equally with the Subordinated Notes (on the same terms or otherwise) or ranking in priority or junior to the Subordinated Notes, or incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.

21 Notices

21.1 Notices to Holders

All notices and other communications to the Holders must be in writing and must be left at the address of or sent by prepaid post (airmail if appropriate) to or left at the address of the Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the notice or communication) and may also be:

(a) given by an advertisement published in *The Australian Financial Review* or *The Australian*; or

(b) if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper.

21.2 Notices to the Issuer and the Agents

All notices and other communications to the Issuer or an Agent must be in writing and may be sent by prepaid post (airmail if appropriate) to or left at the Specified Office of the Issuer or the Agent.

21.3 When effective

Notices and other communications take effect from the time they are taken to be received unless a later time is specified in them.

21.4 Receipt - publication in newspaper

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers.

21.5 Receipt - postal

A notice or other communication sent by post is taken to be received five days after posting.

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22 Governing law

22.1 Governing law

Subordinated Notes are governed by the law in force in New South Wales.

22.2 Jurisdiction

The Issuer submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of New South Wales and the courts of appeal from them. The Issuer waives any right it has to object to an action being brought in the courts of New South Wales including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

22.3 Serving documents

Without preventing any other method of service, any document in any action may be served on the Issuer or a Holder by being delivered or left at their registered office or principal place of business.

ANNEXURE B

Form of Pricing Supplement for A$25,000,000 Subordinated Medium Term Notes due 10 July 2030 dated 8 July 2020

PROHIBITION ON SALES TO EEA AND UK RETAIL INVESTORS – The Subordinated Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Subordinated Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Subordinated Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Subordinated Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Series No.: 3

Tranche No.: 1

MyState Limited
(ABN 26 133 623 962)

A$2,000,000,000 Australian Domestic Debt Issuance Programme

Issue of
A$25,000,000 Subordinated Medium Term Notes
due 10 July 2030 ("Subordinated Notes")

The date of this Pricing Supplement is 8 July 2020 ("**Pricing Supplement**").

This Pricing Supplement (as referred to in the Information Memorandum dated 23 December 2016 ("**Information Memorandum**") in relation to the above Programme) relates to the Tranche of Subordinated Notes referred to above. It is supplementary to, and should be read in conjunction with, the terms and conditions of the Subordinated Notes contained in the Information Memorandum ("**Conditions**") and the Note Deed Poll dated 24 June 2015 made by the Issuer and MyState Bank Limited. Unless otherwise indicated, terms defined in the Conditions have the same meanings in this Pricing Supplement.

The Subordinated Notes qualify as Tier 2 Capital under the prudential standards and guidelines made by the Australian Prudential Regulation Authority ("**APRA**") and applicable to the Issuer. The Issuer intends to treat the proceeds of the issue as eligible Tier 2 Capital for such purposes and to use such proceeds to fund Tier 2 Capital (as described in the prudential standards issued by APRA) of MyState Bank Limited.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Subordinated Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Subordinated Notes referred to above are as follows:

1	Issuer	:	MyState Limited (ABN 26 133 623 962)
2	Type of Notes	:	Floating Rate Subordinated Notes
3	Method of distribution	:	Syndicated Issue
4	Public Offer Test Compliant	:	It is the Issuer's intention that this issue of Subordinated Notes will be issued in a manner which will seek to satisfy the Public Offer Test in section 128F of the Income Tax Assessment Act 1936 of Australia
5	Lead Manager	:	National Australia Bank Limited (ABN 12 004 044 937)
6	Dealer	:	National Australia Bank Limited (ABN 12 004 044 937)
7	Registrar	:	Perpetual Corporate Trust Limited (ABN 99 000 341 533)
8	Status of the Notes	:	Subordinated. *The Subordinated Notes do not constitute deposit liabilities of the Issuer for the purposes of the Banking Act 1959 of Australia.* The primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition 5.3. For the purposes of: • the formula in Condition 6.1(a) to be used for calculating the Conversion Number, P is 0.99; and • Condition 6.10(c), the Clearing System Cut-off Date is 10 ASX Business Days after the relevant Conversion Date.
9	Principal amount of Notes	:	A$25,000,000
10	Issue Date	:	10 July 2020
11	Issue Price / Purchase Price	:	100%
12	Currency	:	A$

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13	Denomination	:	A$10,000
14	Maturity Date	:	10 July 2030
15	Record Date	:	Not Applicable (Conditions apply)
16	If the Subordinated Notes are Fixed Rate Notes	:	Not Applicable
17	If the Subordinated Notes are Floating Rate Notes	:	Condition 9 applies: Yes, as amended in Schedule 1 to this Pricing Supplement
	Basis for determination of Base Rate	:	Bank Bill Rate Determination
	Interest Commencement Date, if not Issue Date	:	Not Applicable
	Interest Rate	:	Bank Bill Rate + Margin
	Interest Payment Dates	:	Quarterly on each 10 July, 10 October, 10 January and 10 April until (and including) the Maturity Date (or earlier redemption date). The first Interest Payment Date will be 10 October 2020.
	Business Day Convention	:	Modified Following Business Day Convention
	Margin	:	+ 4.35% per annum
	Day Count Fraction	:	Actual/365 (Fixed)
	Cut-Off Time	:	Not Applicable
18	Maximum and Minimum Interest Rate	:	Not Applicable
19	Default Rate	:	Not Applicable
20	Rounding	:	Not Applicable
21	Relevant Financial Centre	:	Sydney and Melbourne
22	Linear Interpolation	:	Not Applicable
23	If Notes are Structured Notes	:	Not Applicable
24	Early Redemption Amount (Put)	:	Not Applicable
25	Early Redemption Amount (Call)		Condition 11.4 is applicable. For the purposes of Condition 11.4, the Issuer may redeem all or some of the Subordinated Notes on any "Early Redemption Date (Call)". Early Redemption Date (Call) means 10 July 2025 and any subsequent Interest Payment Date.

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	Are the Subordinated Notes redeemable before their Maturity Date at the option of the Issuer	:	Yes. *The Issuer must obtain certain regulatory consents and approvals including, without limitation, the prior written approval of APRA before redeeming Subordinated Notes*.
	If Early Redemption Amount (Call) is not the outstanding principal amount together with any interest accrued on the Subordinated Notes, insert amount or full calculation provisions	:	Not Applicable
	Specify minimum notice period for the exercise of the call option	:	As per Condition 11.4
	Specify maximum notice period for the exercise of the call option	:	As per Condition 11.4
	Specify any relevant conditions to exercise of option	:	As per Condition 11.4
	Specify whether redemption at Issuer's option is permitted in respect of some only of the Subordinated Notes and, if so, any minimum aggregate principal amount and the means by which Subordinated Notes will be selected for redemption	:	Not Applicable
	Specify if Holders are not to receive accrued interest on early redemption at their option	:	Not Applicable
26	Early Redemption Amount (Tax)		Applicable
	If Early Redemption Amount (Tax) is not the outstanding principal amount together with accrued interest (if any) thereon of the Notes, insert amount or full calculation provisions	:	Not Applicable
	Specify if Holders are not to receive accrued interest on early redemption for tax reasons	:	Not Applicable
	Specify any additional conditions to exercise of option / changes to relevant Conditions		Not Applicable

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27	Early Redemption Amount (Regulatory)		Applicable
	If Early Redemption Amount (Regulatory) is not the outstanding principal amount together with accrued interest (if any) thereon of the Notes, insert amount or full calculation provisions	:	Not Applicable
	Specify if Holders are not to receive accrued interest on early redemption for regulatory reasons	:	Not Applicable
	Specify any additional conditions to exercise of option / changes to relevant Conditions		Not Applicable
28	Early Redemption Amount (Default)		Not Applicable
29	Redemption of Zero Coupon Notes	:	Not Applicable
30	Other relevant terms and conditions	:	The Conditions are amended as set out in Schedule 1 to this Pricing Supplement. As provided in the Information Memorandum, the Subordinated Notes will not be issued unless the aggregate consideration payable by each offeree is at least A$500,000 (disregarding moneys lent by the offeror or its associates) or the offer or invitation does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia ("**Corporations Act**").
31	Calculation Agent	:	Perpetual Corporate Trust Limited (ABN 99 000 341 533)
32	Clearing System(s)	:	Austraclear, Euroclear and Clearstream
33	ISIN	:	AU3FN0054904
34	Common Code	:	220008703
35	Selling Restrictions	:	See Schedule 3 to this Pricing Supplement.
36	Other amendments	:	The Conditions are amended as set out in Schedule 1 to this Pricing Supplement.
37	Listing	:	Not Applicable

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38	Credit Ratings	:	[●]

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39	Recent developments	:	The COVID-19 pandemic has adversely impacted, and will likely continue to adversely impact, global, regional and national economies and cause disruption to international trade and business activity. The COVID-19 pandemic has already caused increased unemployment and the levels of equity and other financial markets to decline sharply and to become volatile, and such effects may continue or worsen in the future. This may in turn reduce the level of activity in sectors in which the MyState Group businesses operate and thus have a negative impact on such businesses' ability to generate revenues or profits. Governments and central banks around the world have reacted to the economic disruption caused by the pandemic by implementing stimulus and liquidity programs and cutting interest rates, however it is unclear whether these actions or any future actions taken by governments and central banks will be successful in mitigating the economic disruption. If the COVID-19 pandemic is prolonged and/or mitigating actions of governments and central banks are unsuccessful, the negative impact on global growth and financial markets could be amplified, and may lead to recessions in national, regional or global economies. The MyState Group has implemented a range of support measures to provide short term financial assistance to customers who are facing difficulties as a consequence of COVID-19. Various individual and business customers of the Banking business who are experiencing financial difficulties due to COVID-19 are able to apply to have their loan repayments deferred for up to six months with a check in at 3 months. The impact of COVID-19 may lead to reduced demand for MyState Group's products and services, higher credit losses in the Banking business, reduction or loss of funds under management in the Wealth Management business, and other negative impacts on MyState Group's financial position, including possible constraints on capital and liquidity, as well as higher costs of capital, and possible changes or downgrades to the credit ratings of MyState Group entities. If conditions deteriorate or remain uncertain for a prolonged period, the MyState Group's funding costs may increase and its ability to replace maturing liabilities may be limited, which could adversely affect the MyState Group's ability to fund and grow its business.

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Additionally, despite the business continuity and crisis management policies currently in place, travel restrictions or potential impacts on personnel and operations may disrupt the MyState Group's business and increase operational risk losses. The expected duration and magnitude of the COVID-19 pandemic and its potential impacts on the economy and the MyState Group's personnel and operations are unclear. Should the impact of COVID-19 be prolonged or increasingly widespread and severe and the actions taken to control its spread be unsuccessful, the MyState Group's results of operations and financial condition may be adversely affected.

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CONFIRMED

For and on behalf of
MyState Limited

EXECUTED by **MYSTATE LIMITED** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:	)	
.....	)	.....
Signature of director	)	Signature of director/company secretary* *delete whichever is not applicable
.....	)	.....
Name of director (block letters)	)	Name of director/company secretary* (block letters) *delete whichever is not applicable

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Schedule 1 - Amendments to Conditions

The Conditions of the Subordinated Notes (MyState Limited) set out on pages 43 to 88 of the Information Memorandum are, for the purposes of the Subordinated Notes, amended as follows:

1. The following definitions are inserted in Condition 1.1 ("Definitions"):

"**Alternative Base Rate** means a rate (expressed as a percentage per annum) other than the Base Rate that is generally accepted in the market for floating rate securities denominated in the Specified Currency of a tenor and interest period comparable to that of the relevant Note, or if the Calculation Agent is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate:

(a) a reference rate that is, in the Calculation Agent's opinion, appropriate to floating rate debt securities denominated in the Specified Currency of a tenor and interest period most comparable to that of the relevant Note; or

(b) such other reference rate as the Calculation Agent considers appropriate having regard to available comparable indices.

Bank Bill Rate means for an Interest Period:

(a) the rate (expressed as a percentage per annum) designated "BBSW" in respect of prime bank eligible securities having a tenor closest to the Interest Period, which rate ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am, (Sydney time) (or such other time at which such rate is accustomed to be so published) on the first day of the Interest Period; or

(b) if the Calculation Agent determines that such rate (expressed as a percentage per annum) as is described in paragraph (a) above:

(i) is not published by the Cut-Off Time (other than on account of a Base Rate Disruption Event); or

(ii) is published, but is affected by an obvious error,

such other rate (expressed as a percentage per annum) that the Calculation Agent determines having regard to comparable indices then available.

Base Rate means, where the relevant Pricing Supplement specifies as the basis for determining the Base Rate:

(a) "ISDA Determination", the ISDA Rate;

(b) "Screen Rate Determination", the Screen Rate; and

(c) "Bank Bill Rate Determination", the Bank Bill Rate,

or such other rate as is specified in the relevant Pricing Supplement.

Base Rate Disruption Event means that, in respect of a Floating Rate Note for which the Pricing Supplement specifies "Screen Rate Determination" or "Bank Bill Rate Determination" as the basis for determining the Base Rate, in the Calculation Agent's opinion, the Base Rate:

(a) has been discontinued or otherwise ceased to be calculated or administered; or

(b) is no longer generally accepted as a reference rate appropriate to floating rate debt securities denominated in the Specified Currency of a tenor and interest period comparable to that of that Floating Rate Note.

Cut-Off Time means:

(a) if "Screen Rate Determination" is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the time that is 15 minutes after the Relevant Time, or such other time as is specified in the Pricing Supplement; or

DRAFT

(b) if "Bank Bill Rate Determination" is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, midday or such other time as is specified in the Pricing Supplement.

FATCA Withholding means any withholding or deduction imposed or required pursuant to FATCA.

ISDA Rate means, for an Interest Period, a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction if the Calculation Agent for the Floating Rate Notes were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(a) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the Pricing Supplement; and

(b) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction.

Screen Rate means, for a Floating Rate Note and an Interest Period:

(a) the quotation offered for the Reference Rate as displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date; or

(b) if the Calculation Agent determines that such rate as is described in paragraph (a) above:

(i) is not published by the Cut-Off Time (other than on account of a Base Rate Disruption Event); or

(ii) is published, but is affected by an obvious error,

such other rate that the Calculation Agent determines having regard to comparable indices then available.

Specified Currency means Australian dollars."

2. Condition 4.2 is deleted and replaced as follows:

"**4.2 Solvency condition**

Prior to a Winding-Up in Australia:

(a) the obligation of the Issuer to make any payment of principal or interest in respect of Subordinated Notes shall be conditional upon the Issuer being Solvent at the time the payment or other amount owing falls due; and

(b) no amount is payable by the Issuer in respect of the Subordinated Notes unless, at the time of and immediately after such payment, the Issuer is Solvent.

A certificate signed by two directors of the Issuer or, if the Issuer is in Winding-Up, the Liquidator, shall, in the absence of fraud or manifest or proven error, be sufficient evidence as to whether or not the Issuer is Solvent. In the absence of such a certificate, a Holder shall be entitled to assume (unless the contrary is proved) that the Issuer is and will after any payment aforesaid be Solvent.

If all or any part of an amount that is due and payable is not paid because, at the time of and immediately after payment of the amount, the Issuer would not be Solvent, then Holders shall have a claim or entitlement in respect of such non-payment only on the occurrence of an Event of Default for Subordinated Notes as set out in Conditions 16.1 ("Events of Default) and 16.2 ("Consequences of an Event of Default"), and such non-payment does not otherwise constitute an Event of Default.

Provided that Subordinated Notes have not been fully Converted or Written-off, any amount not paid due to this clause 4.2(b) accumulates without compounding and remains a debt owing to the Holder by the Issuer until it is paid and shall be payable on the first to occur of:

(i) the date on which clause 4.2(b) would not apply (whether or not such date is otherwise a payment date);

DRAFT

(ii) an Event of Default; and

(iii) the Issuer being Wound-Up."

3. The following is inserted at the end of Condition 5.1:

"*APRA will not approve partial conversion or partial write-off in those exceptional circumstances where a public sector injection of funds is deemed necessary.*"

4. Paragraph (a) of Condition 6.10 is deleted and replaced with the following:

"(a) If a Subordinated Note (or a percentage thereof) is required to be Converted and:

(i) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the relevant Conversion Date;

(ii) the Holder is an Ineligible Holder;

(iii) the Issuer has not received (for any reason whether or not due to the fault of that Holder) any information required by it in accordance with the Conditions so as to impede the Issuer issuing the Ordinary Shares to a Holder on the Conversion Date; or

(iv) a FATCA Withholding is (for any reason whether or not due to the fault of a Holder) required to be made in respect of Ordinary Shares issued on Conversion of such Subordinated Note (or percentage thereof),

then, on the relevant Conversion Date, such Subordinated Note (or percentage thereof) being Converted (including the right of the Holder to payment of interest and repayment of principal) is immediately and irrevocably terminated and the Issuer will issue the relevant Conversion Number of Ordinary Shares to a Sale and Transfer Agent for no additional consideration, or, in the case of a FATCA Withholding, will deal with the Ordinary Shares as required by FATCA. At the first opportunity to sell the Ordinary Shares, the Sale and Transfer Agent will arrange for their sale at market value and pay the proceeds received after deducting any applicable brokerage, stamp duty and other similar taxes (including, without limitation, FATCA Withholding) and charges to the relevant Holder (unless, because the Holder is an Ineligible Holder, the Sale and Transfer Agent is deemed to be an Ineligible Holder, in which case such issue will occur as soon as practicable after the Sale and Transfer Agent ceases to be an Ineligible Holder) or, in the case of a FATCA Withholding, will deal with the proceeds of sale as required by FATCA. Any delay in the issue of Ordinary Shares to a Sale and Transfer Agent under this Condition 6.10(a) is subject to Condition 6.10(e)."

5. Condition 9 is deleted and replaced with the following:

"**9.1 Interest on Floating Rate Notes**

Each Floating Rate Note bears interest on its Outstanding Principal Amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

(a) on each Interest Payment Date; or

(b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

9.2 Interest Rate Determination

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(a) The Interest Rate for a Floating Rate Note for each Interest Period is the sum of the Margin and the Base Rate.

(b) The Calculation Agent must determine the Interest Rate for any Floating Rate Note for an Interest Period in accordance with these Conditions and the Pricing Supplement.

9.3 ISDA Determination

If "ISDA Determination" is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the ISDA Rate.

9.4 Base Rate Disruption Event

In respect of a Floating Rate Note for which the Pricing Supplement specifies "Screen Rate Determination" or "Bank Bill Rate Determination" as the method for determining the Base Rate, if the Calculation Agent determines that a Base Rate Disruption Event has occurred, then (subject, in respect of any Subordinated Notes, to APRA's prior written approval), the Calculation Agent:

(a) shall use as the Base Rate such Alternative Base Rate as it may determine in accordance with these Conditions;

(b) shall make such adjustments to these Conditions as it determines are reasonably necessary to calculate interest in accordance with such Alternative Base Rate; and

(c) in making the determinations under paragraphs (a) and (b) above:

(i) shall act in good faith and in a commercially reasonable manner;

(ii) may consult with such sources of market practice as it considers appropriate; and

(iii) may otherwise make such determination in its discretion.

Holders should note that APRA's approval may not be given for any Alternative Base Rate it considers to have the effect of increasing the Interest Rate contrary to applicable prudential standards."

6. The following is inserted at the end of Condition 11.2:

"Holders of Subordinated Notes should not expect that APRA's approval will be given for any redemption of Subordinated Notes."

7. Condition 11.3 is deleted and replaced as follows:

"**11.3 Early redemption for regulatory reasons**

If at any time the Issuer determines (supported by an opinion as to such determination from advisers of recognised standing in Australia or confirmation from APRA, where relevant) that:

(a) as a result of a change in, or amendment to, applicable law or directive (including the Prudential Standards), or any change in their application or official or judicial interpretation (together, a "**Change**"), which Change becomes effective after the Issue Date; or

(b) or a written statement from APRA after the Issue Date,

the Subordinated Notes have ceased, or will cease, to qualify as Tier 2 Capital, then the Issuer may, by giving at least 30 days' (and no more than 90 days') (or any other period specified in the Pricing Supplement) notice in accordance with these Conditions to the Registrar and the Holders redeem all (but not some) of the Subordinated Notes on the date specified for redemption in such notice at their Outstanding Principal Amount together with any interest accrued up to (but excluding) such date.

The Issuer may give a notice under this Condition 11.3 only if:

(i) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given);

(ii) as at the Issue Date, the Issuer did not expect the event to occur; and

(iii) before or concurrently with redemption, the Issuer:

(1) replaces the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer and the MyState Group; or

(2) obtains confirmation from APRA that APRA is satisfied, having regard to the Level 1 and Level 2 capital position of the MyState Group, that the Issuer does not have to replace the Subordinated Notes.

Holders of Subordinated Notes should not expect that APRA's approval will be given for any redemption of Subordinated Notes."

8. The following is inserted at the end of Condition 11.4:

"*Holders of Subordinated Notes should not expect that APRA's approval will be given for any redemption of Subordinated Notes.*"

9. A new Condition 13.6 is inserted as follows:

"**13.6 Uncompleted payments**

If:

(a) a Holder has not notified the Registrar by close of business on the Record Date of a bank account denominated in the Specified Currency with a financial institution to which payments in respect of the Subordinated Note may be credited, and the Issuer has not made payment by cheque in accordance with Condition 13.5 ("Payments by cheque");

(b) the transfer of any amount for payment to the credit of the nominated account does not complete for any reason; or

(c) a cheque issued by the Issuer in accordance with Condition 13.5 ("Payments by cheque") has not been presented within six months of its date,

the Issuer will send a notice to the address most recently notified by the Holder advising of the uncompleted payment and the amount of the uncompleted payment will be held as a deposit in a non-interest bearing, special purpose account maintained by the Issuer or the Registrar until the first to occur of the following:

(i) the Holder nominates a bank account to which the payment may be credited;

(ii) claims may no longer be made in respect of that amount, in which case the monies shall be paid to and be the property of the Issuer; or

(iii) the Issuer becomes entitled or obliged to deal with the amount in accordance with the law relating to unclaimed monies.

The Issuer may cancel any cheque to which this Condition 13.6 ("Uncompleted payments") applies.

When this Condition 13.6 ("Uncompleted payments") applies the amount payable in respect of the Subordinated Notes shall be treated as having been paid on the date scheduled for payment and no interest is payable in respect of any delay in payment."

10. The last paragraph in Condition 14.3 is deleted and replaced as follows:

"Notwithstanding any other provision of these Conditions, if the Issuer, or any other person through whom payments on the Subordinated Notes are made, is required to withhold or deduct amounts under or in connection with, or in order to ensure compliance with FATCA, the Issuer or that other person shall be permitted to make such withholding or deduction, and Holders and beneficial owners of Subordinated Notes will not be entitled to receive any gross up, Additional Amount or other amount for such withholding or deduction.

DRAFT

The Issuer may withhold or make deductions from the issue of Ordinary Shares to a Holder where it is required to do so under or in connection with FATCA, and may deal with any Ordinary Shares in accordance with FATCA. The Issuer will not be required to issue any further Ordinary Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Subordinated Notes for or in respect of any such withholding or deduction."

11. Condition 16.1 is deleted and replaced as follows:

"**16.1 Events of Default**

An event of default occurs in relation to the Subordinated Notes of any Series if any of the following events occurs and is continuing (each an "**Event of Default**"):

(a) (**non-payment**) if default by the Issuer is made in the payment of any interest or principal due in respect of any Subordinated Notes of the Series and such default continues for a period of seven days (in the case of interest) or three days (in the case of principal) (or such other period as may be specified in the Pricing Supplement) (for the avoidance of doubt, it will not be an Event of Default for Subordinated Notes if all or any part of an amount that is due and payable is not paid because of the application of Condition 16.1 ("Solvency condition")); or

(b) (**Winding-Up**) if the Issuer is being Wound-Up in Australia."

12. Condition 21.1 is deleted and replaced as follows:

"**21.1 Notices to Holders**

All notices and other communications to the Holders must be in writing and must be left at the address of or sent by prepaid post (airmail if appropriate) to or left at the address of the Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the notice or communication) and may also be:

(a) given by an advertisement published in *The Australian Financial Review* or *The Australian*;

(b) if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper; or

(c) where Subordinated Notes are lodged in the Austraclear System, by delivery to the Austraclear System for communication by the Austraclear System to the persons shown in its records as having interests therein."

13. A new Condition 21.6 is inserted as follows:

"**21.6 Receipt – Austraclear System**

If published via the Austraclear System, where Subordinated Notes are lodged in the Austraclear System, communications are taken to be received on the fourth Business Day after delivery to the Austraclear System."

DRAFT

Schedule 2 - Amendments to Information Memorandum

1. In the "Important Notice" section, the sections titled "Intending purchasers to make independent investment decision and obtain tax advice", "Agency and distribution arrangements", "FATCA" and "Common Reporting Standard" are deleted and replaced with, and a new section titled "No advice or duty disclaimer" is inserted as per, the following:

"**Intending purchasers to make independent investment decision and obtain tax advice**

This Information Memorandum contains only summary information concerning the Notes. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuers or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of these things) by any of the Issuers, the Arranger, the Dealers or the Agents that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer;
- determine for themselves the relevance of the information contained in this Information Memorandum, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary and not on this Information Memorandum; and
- consult their own tax advisers concerning the application of any tax laws applicable to their particular situation; and
- undertake their own independent investigation of the appropriateness of Notes for them, taking into account their financial and taxation circumstances, investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them and each investor is advised to consult its own professional adviser.

Agency and distribution arrangements

The Issuers have agreed to pay the Agents' fees for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme.

An Issuer may also pay a Dealer a fee in respect of the Notes subscribed by it, may agree to reimburse the Dealers for certain expenses incurred in connection with this Programme and the offer and sale of Notes, and may indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes.

The Arranger and the Dealers and their respective affiliates (the "**Dealer Group**s") are involved in a wide range of financial services and businesses including securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services, out of which conflicting interests or duties may arise.

In the ordinary course of these activities, each Dealer Group and their respective subsidiaries, related bodies corporate, officers and employees may at any time (i) have pecuniary or other

DRAFT

interests in the Notes and/or hold long or short positions, (ii) have interests pursuant to other arrangements, (iii) receive fees, brokerage and commissions, (iv) act as a principal in dealing in any Notes and (v) trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the issue of Notes or the Programme.

No advice or duty disclaimer

Neither the Arranger nor any Dealer nor their related bodies corporate, and/or their directors, officers, employees or clients act as the adviser of or owe any fiduciary or other duties to any recipient of this Information Memorandum in connection with the Notes and/or any related transaction (including, without limitation, in respect of the preparation and due execution of the transaction documents and the power, capacity or authorisation of any other party to enter into and execute the transaction documents). No reliance may be placed on the Arranger or any Dealer for financial, legal, taxation, accounting or investment advice or recommendations of any sort.

FATCA

Under sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), a 30% withholding ("**FATCA withholding**") may be required if (i)(A) an investor does not provide information sufficient for the Issuer or any other non-U.S. financial institution ("**FFI**") through which payments on the Notes are made to determine the Holder's status under FATCA, or (B) an FFI to or through which payments on the Notes are made is a "non-participating FFI"; and (ii) the Notes are treated as debt for U.S. federal income tax purposes and the payment is made in respect of Notes issued or modified after the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register, or the Notes are treated as equity for U.S. federal income tax purposes, whenever issued.

FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

Reporting Australian Financial Institutions ("**RAFIs**") under the Australia-U.S. FATCA Intergovernmental Agreement dated 28 April 2014 ("**Australian IGA**") must comply with specific due diligence procedures. In general, these procedures seek to identify their account holders and provide the Australian Taxation Office ("**ATO**") with information on financial accounts held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the U.S. Internal Revenue Service. Consequently, Holders may be requested to provide certain information and certifications to the Issuer and to any other financial institutions through which payments on the Notes are made.

A RAFI that complies with its obligations under the Australian IGA will not be subject to FATCA withholding on amounts it receives, and will not be required to deduct FATCA withholding from payments it makes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the terms and conditions of the Notes, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

FATCA is particularly complex legislation. Investors should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") requires certain financial institutions to report information regarding

DRAFT

certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS."

2. The section "Australian banking legislation" on pages 3 and 4 of the Information Memorandum is deleted and replaced with the following:

"**Australian banking legislation**

MyState Bank

MyState Bank is an "authorised deposit-taking institution" ("**ADI**") as that term is defined under the Banking Act 1959 of Australia ("**Banking Act**"). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 of Australia ("**Reserve Bank Act**"), certain debts of MyState Bank are preferred by law, as described below.

Section 13A(3) of the Banking Act provides that if MyState Bank becomes unable to meet its obligations or suspends payment, the assets of MyState Bank in Australia are to be available to satisfy, in priority to all other liabilities of MyState Bank, including the Subordinated Notes:

- first, certain obligations of the MyState Bank to APRA, (if any) arising under Division 2AA of Part II of the Banking Act in respect of amounts payable by APRA to holders of protected accounts (as defined below) in connection with the financial claims scheme ("**FCS**"), established under the Banking Act, or in relation to payments APRA makes or is liable to make in certain circumstances to a body corporate, in connection with a transfer of MyState Bank's business to them under the Financial Sector (Transfer and Restructure) Act 1999 of Australia, pursuant to a determination made by APRA;
- second, APRA's costs (if any) in exercising its powers and performing its functions relating to MyState Bank in connection with the FCS;
- third, MyState Bank's liabilities (if any) in Australia in relation to protected accounts that account-holders keep with the Issuer;
- fourth, MyState Bank's debts (if any) to the Reserve Bank of Australia ("**RBA**"); and
- fifth, MyState Bank's liabilities (if any) under an industry support contract that is certified under section 11CB of the Banking Act.

A "protected account", as defined in the Banking Act, is an account or a covered financial product kept under an agreement between the account-holder and the ADI, under which the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account or covered financial product, or is any account prescribed by the regulations from time to time, provided that:

- in the case of an account, it is recorded in Australian currency;
- in the case of a covered financial product which is not an account, APRA has not applied under section 16AAA of the Banking Act for an order that MyState Bank be wound up; and
- in any case, it is not prescribed by the regulations for the purposes of section 5(7) as an account which is not a protected account.

Under section 16(2) of the Banking Act, certain other debts of MyState Bank due to APRA shall in a winding-up of MyState Bank have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of MyState Bank. Further,

section 86 of the Reserve Bank Act provides that in a winding-up of MyState Bank, debts due by MyState Bank to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of MyState Bank.

MyState Limited

MyState Limited is an authorised non-operating holding company ("**authorised NOHC**"), as the term is defined under the Banking Act.

Under section 16(2) of the Banking Act, certain other debts of MyState Limited due to APRA shall in a winding-up of MyState Limited have priority over all other unsecured debts of MyState Limited.

No Subordinated Notes are guaranteed by the Australian Government or by any other party. No Subordinated Notes would constitute deposit liabilities in Australia or protected accounts for the purposes of the Banking Act.**"**

3. The wording "APRA has not provided any guidance on what might constitute or amount to "non-viability", and has indicated that it will not publish guidance on the parameters used to determine non-viability. APRA has not yet made a determination of non-viability. "Non-viability" is expected to include serious impairment of an Issuer's financial position and solvency, but may not be confined to solvency measures and capital ratios and may include other matters, such as liquidity" on page 10 of the Information Memorandum is replaced with the following:

> "APRA has not published extensive guidance on what might constitute or amount to "non-viability". APRA has not yet made a determination of non-viability. "Non-viability" is expected to include serious impairment of the Issuer's financial position and solvency, but may not be confined to solvency measures and capital ratios and may include other matters, such as liquidity. APRA has recently indicated that it may regard non-viability as occurring well before an ADI is at risk of becoming insolvent.[1]"

4. Sections 1 and 2 in the "Australian Taxation" section are deleted and replaced with the following:

"**1 Australian interest withholding tax**

The Australian Tax Act characterises securities as either "debt interests" (for all entities) or "equity interests" (for companies) including for the purposes of Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act ("Australian IWT") and dividend withholding tax. For Australian IWT purposes, "interest" is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts. The Issuer intends to issue Notes which are to be characterised as "debt interests" for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be "interest" for the purpose of section 128F of the Australian Tax Act. If Notes are issued which are not so characterised, further information on the material Australian tax consequences of payments of interest and certain other amounts on those Notes will be specified in the relevant Pricing Supplement (or another relevant supplement to this Information Memorandum).

Australian Holders

Payments of interest in respect of the Notes to Australian Holders will not be subject to Australian IWT.

[1] APRA, "Response to submissions — Loss-absorbing capacity", 9 July 2019.

DRAFT

Non-Australian Holders

Australian IWT is payable at a rate of 10% of the gross amount of interest paid by the Issuer to a Non-Australian Holder, unless an exemption is available.

Section 128F exemption from Australian IWT

An exemption from Australian IWT is available under section 128F of the Australian Tax Act in respect of interest paid on the Notes issued by the Issuer if the following conditions are met:

(a) the Issuer is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid;

(b) the Notes are issued in a manner which satisfies the public offer test in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue. In summary, the five methods are:

- offers to 10 or more entities that carry on the business of investing or dealing securities in the course of operating in financial markets;
- offers to 100 or more investors of a certain type;
- offers of listed Notes;
- offers via publicly available information sources; and
- offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods.

The issue of any of those Notes and the offering of interests in any of those Notes by one of these methods should satisfy the public offer test;

(c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an "Offshore Associate" of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and

(d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an "Offshore Associate" of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

For these purposes, an "Offshore Associate" means an associate (as defined in section 128F) of the Issuer that is a Non-Australian Holder. Accordingly, if you are an Offshore Associate of the Issuer, you should not acquire any of the Subordinated Instruments

Compliance with section 128F of the Australian Tax Act

Unless otherwise specified in any relevant Pricing Supplement (or another relevant supplement to this Information Memorandum), **the** Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act that are in effect at the date of the issue of the Notes.

Exemptions under certain double tax conventions

DRAFT

The Australian government has signed new or amended double tax conventions ("**New Treaties**") with a number of countries (each a "**Specified Country**"). The New Treaties apply to interest derived by a resident of a Specified Country.

In broad terms, the New Treaties effectively prevent Australian IWT being imposed on interest derived by:

- governments of the Specified Countries, and certain governmental authorities and agencies in a Specified Country; or

- a "financial institution" resident in a Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term "financial institution" refers to either a bank or other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia's double tax conventions which is available to the public on the Federal Treasury's Department website.

Payment of additional amounts

As set out in more detail in the relevant Conditions for the Notes, and unless expressly provided to the contrary in the relevant Pricing Supplement (or another relevant supplement to this Information Memorandum), if the Issuer is at any time compelled or authorised by law to withhold or deduct an amount in respect of any Taxes imposed or levied by a Relevant Tax Jurisdiction (as defined in the relevant Conditions) in respect of the Notes, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary so that after making the withholding or deduction and further withholdings or deductions applicable to the additional amounts payable each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made. If, as a consequence of a change, or announced prospective change in a law, the Issuer is required to pay such additional amounts in respect of a Note, the Issuer may redeem all (but not some) of the Notes of a Series in accordance with the relevant Conditions.

2 Other tax matters

Under Australian laws as presently in effect:

(a) **death duties** – no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;

(b) **stamp duty and other taxes** – no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes;

(c) **TFN/ABN withholding** - withholding tax is imposed (see below in relation to the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("**TFN**"), (in certain circumstances) an Australian Business Number ("**ABN**") or proof of some other exception (as appropriate).

Where the requirements of section 128F of the Australian Tax Act are satisfied with respect to an Note, then such withholding should not apply to payments to a Non-Australian Holder that is a non-resident of Australia for Australian tax purposes. The current rate of withholding tax is 47%;

(d) **additional withholdings from certain payments to non-residents** – the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are

already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored;

(e) **garnishee directions by the Commissioner of Taxation** – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a Holder of the Notes any amount in respect of Australian tax payable by the Holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction;

(f) **supply withholding tax** – payments in respect of the Notes can be made free and clear of any "supply withholding tax"; and

(g) **goods and services tax (GST)** – neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia."

5. The section "Directory" on page 156 of the Information Memorandum is amended by replacing the section with the following:

"**Issuers:**

MyState Limited
(ABN 26 133 623 962)

Level 2
137 Harrington Street
Hobart TAS 7000
Australia

Attention: Ryan Sharp, Treasurer
Tel: +61 3 6215 9554
Fax: +61 3 6215 9773

MyState Bank Limited
(ABN 89 067 729 195)

Level 2
137 Harrington Street
Hobart TAS 7000
Australia

Attention: Ryan Sharp, Treasurer
Tel: +61 3 6215 9554
Fax: +61 3 6215 9773

Arranger & Dealer:

Australia and New Zealand Banking Group Limited
(ABN 11 005 357 522; AFSL 234527)

Level 6, ANZ Tower
242 Pitt Street
Sydney NSW 2000
Australia

Attention: Head of Bond Syndicate, Global Markets
Tel: +61 2 8037 0200
Fax: +61 2 8937 7115

DRAFT

Registrar: **Perpetual Corporate Trust Limited**
(ABN 99 000 341 533)

Level 12, Angel Place
123 Pitt Street
Sydney NSW 2000

Attention: Manager, Transaction Management, Trust and Fund Services
Tel: +61 2 9229 9000
Fax: +61 2 8256 1424”

DRAFT

Schedule 3 - Selling restrictions

1. The section "Public offer Selling Restrictions under the Prospectus Directive" on pages 148 and 149 of the Information Memorandum is deleted and replaced with the following:

"**Prohibition of sales to EEA and UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Subordinated Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Subordinated Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Subordinated Notes."

2. The section "Hong Kong" on page 149 of the Information Memorandum is deleted and replaced with the following:

"**Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Subordinated Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subordinated Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Subordinated Notes which are or are intended

DRAFT

to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

3. The section "Singapore" on pages 149 and 150 of the Information Memorandum is deleted and replaced with the following:

"**Singapore**

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended ("**Securities and Futures Act**").

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Subordinated Notes and it will not offer or sell the Subordinated Notes, nor make the Subordinated Notes the subject of an invitation for subscription or purchase, nor will it circulate or distribute the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Subordinated Notes, whether directly or indirectly to persons in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act) (Chapter 289 of Singapore), as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the Securities and Futures Act;

(b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, to notify (whether through the distribution of this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Subordinated Notes or otherwise) each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Subordinated Notes from and through that Dealer, namely a person who is:

(i) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Subordinated Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(A) to an institutional investor or to a relevant person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

(B) where no consideration is or will be given for the transfer;

DRAFT

(C) where the transfer is by operation of law;

(D) as specified in Section 276(7) of the Securities and Futures Act; or

(E) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018."

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