



Incorporating the
requirements of
Australian Prudential
Standard 330

QUARTER ENDING

DECEMBER
2013

EXECUTIVE SUMMARY

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

MyState Limited ('MyState') is a Tasmanian-based ASX listed diversified financial services company which operates three subsidiaries; MyState Financial, Tasmanian Perpetual Trustees, and The Rock Building Society – each are long established and highly respected brands.

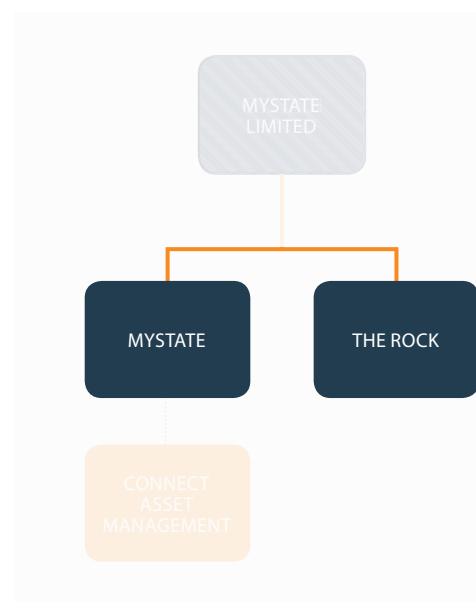
MyState seeks to ensure that it is adequately capitalised at all times, both on a stand-alone (ADI) basis and group basis. APRA monitors MyState's capital adequacy by assessing the financial strength on two levels:

- Level 1, both MyState Financial and The Rock Building Society report separately on a level 1 basis.
- Level 2, the wider MyState Limited prudential group which comprises MyState Limited (NOHC), MyState Financial (ADI), The Rock Building Society (ADI), and Connect Asset Management (Securitisation program manager).

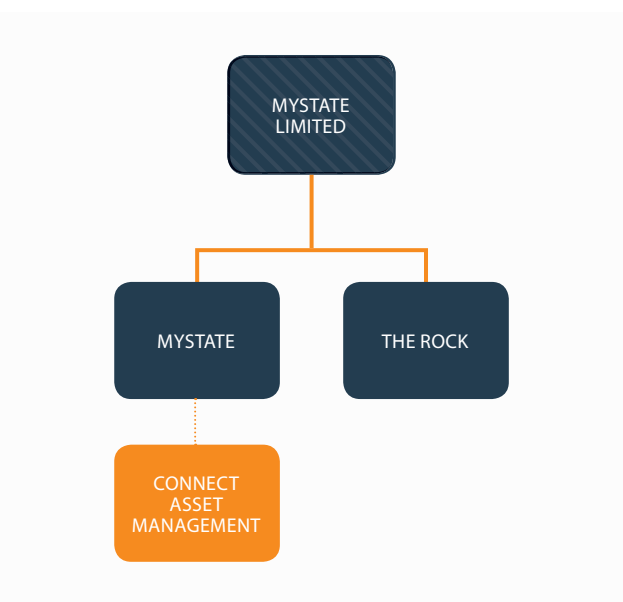
MYSTATE LIMITED GROUP STRUCTURE

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

LEVEL 1



LEVEL 2



Accounting/Regulatory Consolidation

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

UNCONSOLIDATED ENTITIES

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

SECURITISATION SPECIAL PURPOSE VEHICLES

	Total Assets \$ 000	Total Liabilities \$ 000
Conquest Mortgage Trust	160,761	160,761
Conquest 2007-1 Trust	80,609	80,609
Conquest 2010-1R Trust	107,903	107,903
Conquest 2010-2 Trust	113,662	113,662
Conquest 2013-1 Trust	305,609	305,609
Conquest Securities Pty Ltd	160,413	160,413
RBS Trust 2007-1	-	-
RBS Trust 2009R	31,685	31,685
RBS Warehouse Trust No. 2	222	40
Rockhampton Custodian & Management Company Pty Ltd	-	-

PRINCIPAL ACTIVITY

The trusts were established for the purpose of regulatory capital relief, via the issue of residential mortgage backed securities or asset backed commercial paper. Conquest 2010-1R and RBS 2009R Trusts were established as emergency liquidity reserves.

Conquest Securities Pty Ltd acts as the Issuer of asset backed commercial paper for the ConQuest Mortgage Trust.

WEALTH MANGEMENT AND TRUSTEE SERVICES

	Total Assets \$ 000	Total Liabilities \$ 000
Tasmanian Perpetual Trustees Pty Ltd	29,229	3,138

PRINCIPAL ACTIVITY

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

MEMBER REWARDS PROGRAM

	Total Assets \$ 000	Total Liabilities \$ 000
The Gourmet Club Pty Ltd	303	-

PRINCIPAL ACTIVITY

The Company was established to develop a comprehensive member reward program. The rewards program has now ceased and plans to deregister the company are underway.

REGULATORY CAPITAL RECONCILIATION

The following table discloses the consolidated balance sheet of MyState Limited and its subsidiaries, as published in its audited financial statements, and the Balance Sheet under the Level 2 regulatory scope of consolidation pursuant to APS 111. The reference letters included in this table enable the reconciliation to the *Common Disclosures – components of capital* table.

	Balance Sheet per published Audited Financial Statements \$ 000	Adjustments \$ 000	Balance Sheet Under Regulatory Scope of Consolidation \$ 000	Reference
Assets				
Cash and Liquid Assets	74,009	(9,390)	64,619	
Investment Securities	384,983	(32,200)	352,783	
Other Deposits	21,000	-	21,000	
Loans and Advances	2,998,728	(611,994)	2,386,734	
<i>of which: General Reserve for Credit Losses</i>	-	4,218	4,218	(j)
<i>of which: Capitalised loan and lease origination fees and commissions</i>	1,433	(1,433)	-	(g)
Other Investments	5,020	38,188	43,208	
<i>of which: Equity investments in financial institutions</i>	3,347	233	3,580	(f)
<i>of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements</i>	-	39,629	39,629	(h)
Property Plant & Equipment	17,277	(1,443)	15,834	
Intangible Assets and Goodwill	77,838	(46,933)	30,905	
<i>of which: Goodwill</i>	65,978	(46,157)	19,821	(d)
<i>of which: Information technology software costs</i>	11,046	39	11,085	(g)
<i>of which: Capitalised costs other than loan and lease origination fees</i>	674	(674)	-	(g)
Other Assets	29,016	(2,735)	26,281	
<i>of which: Capitalised costs other than loan and lease origination fees</i>	-	674	674	
<i>of which: Capitalised loan and lease origination fees and commissions</i>	-	2,548	2,548	
<i>of which: Derivates</i>	-	2,434	2,434	
<i>of which: Deferred tax assets</i>	6,858	(547)	6,311	(e)
<i>of which: Securitisation accrued income and liquidity reserves</i>	-	823	823	(i)
Total Assets	3,607,871	(666,507)	2,941,364	
Liabilities				
Amounts due to financial institutions	-	2,796	2,796	
Deposits and Other Borrowings	3,279,068	(642,008)	2,637,060	
Income Tax Liabilities	6,262	(437)	5,825	
<i>of which: Deferred Tax Liabilities</i>	4,336	(432)	3,904	(e)
Provisions	5,690	(1,238)	4,452	
Creditors & Other Liabilities	32,877	(5,611)	27,266	
<i>of which: Amounts due to financial institutions</i>	2,796	-	-	
Derivates	1,362	-	1,362	
Total Liabilities	3,325,259	(646,497)	2,678,762	
Net Assets				
Share Capital	132,355	(39,272)	93,083	(a)
Reserves	2,439	1,518	3,957	
<i>of which: Property Revaluation Reserve</i>	2,340	1,668	4,008	(c)
<i>of which: unrealised gains/(losses) on AFS Items</i>	-	(55)	(55)	(c)
<i>of which: Gains/(losses) on effective cash flow hedges</i>	(401)	(96)	(497)	
<i>of which: Reserves for equity-settled share-based payments</i>	500	-	500	(c)
Retained Profits	147,818	17,745	165,563	
<i>of which: General Reserve for Credit losses</i>	-	(4,218)	(4,218)	(j)
Total Equity	282,612	(20,010)	262,602	

CAPITAL ADEQUACY

CAPITAL ADEQUACY AS AT 31 DECEMBER 2013

Reference	Item Description	Value \$ 000
(a)	Capital Requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:	
	<i>Claims secured by residential mortgage</i>	885,027
	<i>Other retail</i>	96,732
	<i>All other</i>	165,473
	<i>Capital Requirements (in terms of Risk Weighted Assets) for securitisation</i>	502
(b)	Capital Requirements (in terms of risk weighted assets) for equity exposures in the IRB approach	N/A
(b)	Capital Requirements (in terms of risk weighted assets) for market risk	N/A
(c)	Capital Requirements (in terms of risk weighted assets) for operational risk	148,694
(e)	Capital Requirements (in terms of risk weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA-approved Australian-owned ADI's only)	N/A
(f)	Common Equity Tier 1, Tier 1 and total Capital Ratio for the consolidated regulatory group:	
	<i>Common Equity Tier 1 for the regulatory group</i>	14.01%
	<i>Tier 1 capital ratio for the regulatory group</i>	14.01%
	<i>Total Capital Ratio for the regulatory group</i>	14.42%

CREDIT RISK BY PORTFOLIO

CREDIT RISK AS AT 31 DECEMBER 2013

Reference	Item Description	December 2013 Quarter \$ 000	September 2013 Quarter \$ 000	Average \$ 000
(a) (i)	Total gross credit risk exposures (excluding equity investments and securitisation exposures), plus average gross exposure over the period, broken down by major types of credit exposure:			
	<i>Loans</i>	2,393,850	2,404,872	2,393,203
	<i>Debt Securities</i>	400,107	398,436	396,342
	<i>Commitments and off-balance sheet exposures</i>	47,068	46,057	47,469
(ii)	Total gross credit risk exposures (excluding equity investments and securitisation exposures), plus average gross exposure over the period, broken down by portfolio:			
	<i>Claims secured by residential mortgage</i>	2,295,863	2,337,046	2,342,417
	<i>Other retail</i>	97,987	67,826	50,786
(b) (i)	Amount of impaired facilities, by portfolio:			
	<i>Claims secured by residential mortgage</i>	1,652		
	<i>Other retail</i>	1,255		
	Amount of past due facilities, by portfolio:			
	<i>Claims secured by residential mortgage</i>	4,406		
	<i>Other retail</i>	-		
(ii)	Specific provisions, by portfolio:			
	<i>Claims secured by residential mortgage</i>	258		
	<i>Other retail</i>	322		
(iii)	Charges for specific provisions and write-offs during the period, by portfolio:			
	<i>Claims secured by residential mortgage</i>	631		
	<i>Other retail</i>	712		
(c)	The general reserve for credit losses	4,218		

SECURITISATION EXPOSURES

SECURITISATION EXPOSURES AS AT 31 DECEMBER 2013

Reference	Item Description	December 2013 Quarter \$ 000	December 2013 Quarter \$ 000
		Total exposures securitised	Recognised gain or loss on sale
(a)	Summary of current period's securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type:		
	<i>Residential Mortgage</i>	319,784	-
	<i>Credit Card and other personal loans</i>	-	-
	<i>Commercial Loans</i>	-	-
	<i>Other</i>	-	-
		On Balance Sheet	Off Balance Sheet
(b)	Aggregate amount of total securitisation exposures retained or purchased:		
	<i>Liquidity support facilities</i>	650	1,193
	<i>Derivative facilities</i>	2,631	108,884
	<i>Holdings of securites</i>	-	-
	<i>Other</i>	-	-

MAIN FEATURES OF CAPITAL INSTRUMENTS

		Ordinary share capital
1	Issuer	MyState Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Commonwealth of Australia
	Regulator treatment	
4	<i>Transitional Basel III rules</i>	Common Equity Tier 1
5	<i>Post-transitional Basel III rules</i>	Common Equity Tier 1
6	<i>Eligible at solo/group/group & solo</i>	Solo and Group
7	Instrument type (ordinary shares/preference shares/subordinated notes/other)	Ordinary Shares
8	Amount recognised in Regulatory Capital (currency in mil, as of most recent reporting date)	93.08M
9	Par value of instrument	
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	<i>Original maturity date</i>	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	<i>Optional call date, contingent call dates and redemption amount</i>	N/A
16	<i>Subsequent call dates, if applicable</i>	N/A
	Coupons/dividends	Dividends
17	<i>Fixed or floating dividend/coupon</i>	N/A
18	<i>Coupon rate and any related index</i>	N/A
19	<i>Existence of a dividend stopper</i>	N/A
20	<i>Fully discretionary, partially discretionary or mandatory</i>	Fully Discretionary
21	<i>Existence of step up or other incentive to redeem</i>	N/A
22	<i>Noncumulative or cumulative</i>	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	<i>If convertible, conversion trigger(s)</i>	N/A
25	<i>If convertible, fully or partially</i>	N/A
26	<i>If convertible, conversion rate</i>	N/A
27	<i>If convertible, mandatory or optional conversion</i>	N/A
28	<i>If convertible, specify instrument type convertible into</i>	N/A
29	<i>If convertible, specify issuer of instrument it converts into</i>	N/A
30	Write-down feature	N/A
31	<i>If write-down, write-down trigger(s)</i>	N/A
32	<i>If write-down, fully or partial</i>	N/A
33	<i>If write-down, permanent or temporary</i>	N/A
34	<i>If temporary write-down, description of write-up mechanism</i>	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

COMMON DISCLOSURES

COMPOSITION OF CAPITAL

The Group is applying the Basel III regulatory adjustments in full as implemented by APRA.

The capital disclosures detailed in the Common Disclosure template below represent the post 1 January 2018 Basel III common disclosure requirements.

		31 December 2013 \$ 000	Source in regulatory Capital Reconciliation
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	93,083	(a)
2	Retained earnings	165,226	(b)
3	Accumulated other comprehensive income (and other reserves)	4,454	(c)
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	N/A	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A	
6	Common Equity Tier 1 capital before regulatory adjustments		
	Subtotal	262,762	
	Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	N/A	
8	Goodwill (net of related tax liability)	19,821	(d)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	N/A	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,537	(e)
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	N/A	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	N/A	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	N/A	
15	Defined benefit superannuation fund net assets	N/A	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	N/A	
17	Reciprocal cross-holdings in common equity	N/A	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A	
19	Significant investments in the ordinary shares of banking, financial and insurance entit- ies that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	N/A	
20	Mortgage service rights (amount above 10% threshold)	N/A	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	N/A	
22	Amount exceeding the 15% threshold	N/A	
23	<i>of which: significant investments in the ordinary shares of financial entities</i>	N/A	
24	<i>of which: mortgage servicing rights</i>	N/A	
25	<i>of which: deferred tax assets arising from temporary differences</i>	N/A	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)		
26a	<i>of which: treasury shares</i>	N/A	
26b	<i>of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI</i>	N/A	
26c	<i>of which: deferred fee income</i>	N/A	
26d	<i>of which: equity investments in financial institutions not reported in rows 18, 19 and 23</i>	3,580	(f)

COMMON DISCLOSURES

COMPOSITION OF CAPITAL CONT

		31 December 2013 \$ 000	Source in regulatory Capital Reconciliation
26e	<i>of which: deferred tax assets not reported in rows 10, 21 and 25</i>	N/A	
26f	<i>of which: capitalised expenses</i>	14,307	(g)
26g	<i>of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements</i>	38,955	(h)
26h	<i>of which: covered bonds in excess of asset cover in pools</i>	N/A	
26i	<i>of which: undercapitalisation of a non-consolidated subsidiary</i>	N/A	
26j	<i>of which: other national specific regulatory adjustments not reported in rows 26a to 26i</i>	823	(i)
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	N/A	
28	Total regulatory adjustments to Common Equity Tier 1		
	Subtotal	80,023	
29	Common Equity Tier 1 Capital (CET1)		
	Subtotal	182,740	
	Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	N/A	
31	<i>of which: classified as equity under applicable accounting standards</i>	N/A	
32	<i>of which: classified as liabilities under applicable accounting standards</i>	N/A	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	N/A	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	N/A	
36	Additional Tier 1 Capital before regulatory adjustments	N/A	
	Additional Tier 1 Capital: regulatory adjustments	N/A	
37	Investments in own Additional Tier 1 instruments	N/A	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	N/A	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	N/A	
41a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	N/A	
41b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40</i>	N/A	
41c	<i>of which: other national specific regulatory adjustments not reported in rows 41a and 41b</i>	N/A	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	N/A	
43	Total regulatory adjustments to Additional Tier 1 capital	N/A	
44	Additional Tier 1 capital (AT1)	N/A	
45	Tier 1 Capital (T1=CET1+AT1)	N/A	
	Subtotal	N/A	
	Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	N/A	
47	Directly issued capital instruments subject to phase out from Tier 2	N/A	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	N/A	

COMMON DISCLOSURES

COMPOSITION OF CAPITAL CONT

		31 December 2013 \$ 000	Source in regulatory Capital Reconciliation
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	N/A	
50	Provisions	4,218	(j)
51	Tier 2 Capital before regulatory adjustments		
	Subtotal	4,218	
	Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	N/A	
53	Reciprocal cross-holdings in Tier 2 instruments	N/A	
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A	
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A	
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	N/A	
56a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	N/A	
56b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55</i>	N/A	
56c	<i>of which: other national specific regulatory adjustments not reported in rows 56a and 56b</i>	N/A	
57	Total regulatory adjustments to Tier 2 capital		
	Subtotal	-	
58	Tier 2 capital (T2)		
	Subtotal	4,218	
59	Total capital (TC=T1+T2)		
	Subtotal	186,957	
60	Total risk-weighted assets based on APRA standards		
	Subtotal	1,270,100	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.10%	
62	Tier 1 (as a percentage of risk-weighted assets)	14.10%	
63	Total capital (as a percentage of risk-weighted assets)	14.42%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	11.50%	
65	<i>of which: capital conservation buffer requirement</i>	2.50%	
66	<i>of which: ADI-specific countercyclical buffer requirements</i>		
67	<i>of which: G-SIB buffer requirement (not applicable)</i>		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	2.60%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	N/A	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	N/A	
71	National total capital minimum ratio (if different from Basel III minimum)	N/A	
	Amount below thresholds for deductions (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities	N/A	
73	Significant investments in the ordinary shares of financial entities	N/A	
74	Mortgage servicing rights (net of related tax liability)	N/A	

COMMON DISCLOSURES

COMPOSITION OF CAPITAL CONT

		31 December 2013 \$ 000	Source in regulatory Capital Reconciliation
75	Deferred tax assets arising from temporary differences (net of related tax liability) Applicable caps on the inclusion of provisions in Tier 2	N/A	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	4,218	(j)
77	Cap on inclusion of provisions in Tier 2 under standardised approach	15,876	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	N/A N/A	
80	Current cap on CET1 instruments subject to phase out arrangements	N/A	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	N/A	
84	Current cap on T2 instruments subject to phase out arrangements	N/A	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	



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