

Members Equity Bank Limited

ABN: 56 070 887 679

Interim Financial Statements

Members Equity Bank Limited

Directors' report for the half-year ended 31 December 2020

The directors of Members Equity Bank Limited (the Company) submit herewith the interim financial statements of the Group (being the Company and its subsidiaries) for the half-year ended 31 December 2020, and the independent auditor's review report thereon.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company during the half year are:

J Evans
C Bart
P Everingham
D Issa
C Christian (resigned 31 July 2020)
D Kiers (appointed 31 July 2020)
J Nesbitt (resigned 31 December 2020)
J Arthur (appointed 1 January 2021)
D Atkin (appointed 1 January 2021)

Principal activities

The principal activities of the Group comprised of:

- provision of banking services under a banking licence;
- funding, management, and servicing of residential and consumer lending portfolios; and
- carrying out associated funding activities for off balance sheet portfolios.

There were no significant changes during the period in the nature of the activities of the Group.

Dividends

A dividend of \$60m was approved by the directors on 11th March 2021.

The Group has paid \$5.6 million of fully franked dividends during the half-year with respect to the perpetual Capital Notes on issued (2019: \$6.7 million).

Review of operations and results

Statutory profit for the half-year ended 31 December 2020 was \$64.6 million compared to \$52.0 million for the half-year ended 31 December 2019.

Subsequent events

On 22nd February 2021 it was announced that Bank of Queensland Limited will acquire 100% of the ordinary share capital in ME Bank for \$1.325 billion pursuant to a share sale and purchase deed. Bank of Queensland issued publicly available documentation in relation to the transaction and associated risks.

There have been no other matters or circumstances which have arisen since the end of the financial half-year which significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.

Impact of COVID-19

The Group has worked closely with regulators, the Australian Banking Association and other key stakeholders on the design and execution of its COVID-19 support for customers. The credit impairment provisions have remained broadly consistent with the 30 June 2020 position reflecting the expected loss impact of COVID-19. The Group continues to meet and exceed the capital requirements of regulators.

Rounding

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Instrument amounts in the interim financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Corporate Governance

The Board has received the relevant assurances required from the Chief Executive Officer and the Chief Financial Officer in respect of the half-year financial report for the period ended 31 December 2020.

The directors of the Company have responsibility for the integrity of external reporting. Further details of the role of the Board and the Audit and Governance Committee are available in the Corporate Governance Statement on the Company's website at mebank.com.au.

Members Equity Bank Limited

**Directors' report
for the half-year ended 31 December 2020**

Auditor independence

The auditor's independence declaration is included on page 3 of the interim financial statements.

Signed in accordance with a resolution of the directors.

On behalf of the directors


J. Arthur (Mar 24, 2021 13:33 GMT+11)

Director
Melbourne, 24th March 2021

24 March 2021

The Board of Directors
Members Equity Bank Limited
Level 28, 360 Elizabeth Street
MELBOURNE VIC 3000

Dear Board Members

Members Equity Bank Limited

I am pleased to provide the following declaration of independence to the directors of Members Equity Bank Limited (the Bank).

As lead audit partner for the review of the interim financial statements of the Bank for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian Auditing Standards in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of Members Equity Bank Limited

Report on the Interim Financial Report

We have reviewed the accompanying Interim Financial Statements of Members Equity Bank Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration of the directors as set out on pages 6 to 17. The consolidated entity comprises the company Members Equity Bank Limited and the entities it controlled at the end of the period or from time to time during the period.

Directors' Responsibility for the Interim Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the Interim Financial Statements and have determined that the basis of preparation described in Note 2 is appropriate in accordance with Australian Accounting Standards. The directors' responsibility also includes such internal control as the directors determine is necessary for the preparation and fair presentation of the Interim Financial Statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Interim Financial Statements based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410), in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us believe that the Interim Financial Statements are not presented fairly, in all material respects, in accordance with Australian Accounting Standards. As the auditor of Members Equity Bank Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Interim Financial Statements of Members Equity Bank Limited do not present fairly, in all material respects, the consolidated entity's financial position as at 31 December 2020 and of its financial performance for the half year ended on that date in accordance with Australian Accounting Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Melbourne, 24 March 2021

Members Equity Bank Limited

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached interim financial statements and notes thereto comply with accounting standards and present a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors.

On behalf of the directors



J. Arthur (Mar 24, 2021 13:33 GMT+11)

Director

Melbourne, 24th March 2021

Members Equity Bank Limited

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

	Consolidated half-year ended	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Notes		
Interest and similar income	433,128	589,841
Interest and similar expense	(198,635)	(369,235)
Net interest income	234,493	220,606
Funds management fee income	34	623
Other operating income	11,891	12,923
Total net operating income	246,418	234,152
Expenses		
Operating expenses	137,793	135,527
Credit impairment charge	2,872	4,493
Impairment on intangibles	-	3,000
Project expenses	13,414	16,718
Total operating expenses	154,079	159,738
Profit before income tax	92,339	74,414
Income tax expense	4 27,732	22,388
Profit for the period	64,607	52,026
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Net fair value gain / (loss) on fair value through other comprehensive income financial assets, net of tax	6,511	(863)
Cash flow hedges - effective portion of changes in fair values, net of tax	21,745	15,327
Total comprehensive income for the period	92,863	66,491

Notes to the financial statements are included on pages 11 to 17.

Members Equity Bank Limited

Condensed consolidated statement of financial position as at 31 December 2020

	Notes	Consolidated	
		31 Dec 2020 \$'000	30 Jun 2020 \$'000
Assets			
Cash and cash equivalents		843,558	1,376,694
Investments	6	3,206,799	3,280,898
Derivatives	6	81	804
Trade and other receivables		6,948	4,184
Loans and advances	6	25,942,183	26,615,476
Plant and equipment		17,919	15,185
Intangible assets		107,719	102,528
Deferred tax assets		45,586	54,681
Other assets		14,186	14,399
Total assets		30,184,979	31,464,849
Liabilities			
Deposits and other borrowings	6	28,425,599	29,771,024
Derivatives	6	56,459	82,663
Trade and other payables		22,021	22,190
Current tax liabilities		7,531	1,076
Provisions		29,481	31,252
Total liabilities		28,541,091	29,908,205
Net assets		1,643,888	1,556,644
Equity			
Issued capital		1,105,459	1,105,459
Reserves		(15,192)	(49,034)
Retained earnings		553,621	500,219
Total equity		1,643,888	1,556,644
Book value per share		\$ 148.82	\$ 140.93

Notes to the financial statements are included on pages 11 to 17.

Members Equity Bank Limited

**Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2020**

	Consolidated					Total \$'000
	Issued capital \$'000	Retained earnings \$'000	General reserve for credit losses \$'000	Investment revaluation reserve \$'000	Cash flow hedge reserve \$'000	
Balance as at 1 July 2019	1,105,459	420,532	19,622	4,244	(64,586)	1,485,271
Issue of share capital						
Dividends paid	-	(6,720)	-	-	-	(6,720)
Transfer to/(from) general reserve for credit losses	-	10,610	(10,610)	-	-	-
Other comprehensive income for the period	-	-	-	(863)	15,327	14,464
Profit for the period	-	52,026	-	-	-	52,026
Balance as at 31 December 2019	1,105,459	476,448	9,012	3,381	(49,259)	1,545,041
Balance as at 1 July 2020	1,105,459	500,219	7,791	4,346	(61,171)	1,556,644
Issue of share capital	-	-	-	-	-	-
Dividends paid	-	(5,619)	-	-	-	(5,619)
Transfer to/(from) general reserve for credit losses	-	(5,586)	5,586	-	-	-
Other comprehensive expense for the period	-	-	-	6,511	21,745	28,256
Profit for the period	-	64,607	-	-	-	64,607
Balance as at 31 December 2020	1,105,459	553,621	13,377	10,857	(39,426)	1,643,888

Notes to the financial statements are included on pages 11 to 17.

Members Equity Bank Limited

Condensed consolidated statement of cash flows for the half-year ended 31 December 2020

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	92,339	74,414
Adjustments for:		
Change in operating assets	755,754	316,204
Change in operating liabilities	(1,348,966)	(315,306)
Non-cash items included in profit before tax	22,815	(59,876)
Income tax payments	(24,292)	(10,103)
Net cash (used in) / from operating activities	(502,350)	5,333
Cash flows from investing activities		
Purchase of plant and equipment	(2,706)	(4,174)
Purchase of intangible assets	(17,761)	(37)
Net cash used in investing activities	(20,467)	(4,211)
Cash flows from financing activities		
Payment of lease liabilities	(4,700)	(9,112)
Redemption of subordinated debt	-	(300,000)
Dividends paid on capital notes issued	(5,619)	(6,720)
Net cash provided by financing activities	(10,319)	(315,832)
Net (decrease) / increase in cash	(533,136)	(314,710)
Cash and cash equivalents at the beginning of the period	1,376,694	839,889
Cash and cash equivalents at the end of the period	843,558	525,179

Notes to the financial statements are included on pages 11 to 17.

Members Equity Bank Limited

Condensed notes to the financial statements for the half-year ended 31 December 2020

1 General information

The interim financial statements of Members Equity Bank Limited (the Company) and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors made on 11 March 2021.

The Company is a limited company, incorporated and domiciled in Australia. The Group's principal activities are:

- provision of banking services under a banking licence;
- funding, management, and servicing of residential and consumer lending portfolios; and
- carrying out associated funding activities for off balance sheet portfolios.

2 Basis of preparation

The interim financial statements are general purpose financial reports prepared in accordance with *AASB 134 'Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The interim financial statements do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The interim financial statements have been prepared on the basis of historical cost, unless the application of fair value measurement is required by relevant accounting standards. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the interim financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2020 annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described in Note 3. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

3 Significant accounting policies

Critical accounting estimates and significant judgements

The preparation of the Group's interim financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The basis of key judgments and estimations have been applied by management in preparing the interim financial statements consistently with those that were applied 30 June 2020, except for the impact of the Standards and Interpretations described below. There have been no other accounting policies applied since the end of the financial half-year which significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years.

Expected Credit loss

The uncertainty and volatility of the economic environment driven by the COVID-19 pandemic presents significant challenges in modelling and estimating expected credit loss (ECL), hence a high level of management judgement is required. The Group has not made changes to the key assumptions for its existing ECL model for COVID-19 impacts such as assumptions relating to significant increase in credit risk, model risk adjustment, forward looking estimate or loss given default.

The forward looking component of the expected credit loss (ECL) model, which is estimated using the key macroeconomic variables is based on pre-COVID-19 forecast information and weightings and have not changed in the ECL models. The impact of the forward looking components using available forecast information and multiple scenarios and weighting was used to perform a reasonableness assessment of the COVID-19 overlay. A COVID-19 overlay was determined for two segments comprising those customers who had opted for loan deferral and were impacted by COVID-19 and those customers who have not opted for loan deferral however were assessed to have increased credit risk from the impact of the economic environment. Management applied judgements and based on available industry information and historical delinquency trends of the Group to estimate the portion expected to default. This analysis is used to determine the appropriate COVID-19 overlay for the home loans and unsecured portfolios.

Members Equity Bank Limited

Condensed notes to the financial statements for the half-year ended 31 December 2020

3 Significant accounting policies (continued)

Critical accounting estimates and significant judgements (continued)

Intangible assets

The Group carries out annual impairment testing for its intangible assets as required by AASB 136 'Impairment of Assets'. The intangible assets do not generate independent cashflows, and have therefore in accordance with AASB 136 are tested as part of a single cash-generating unit consisting of the Group's banking activities. The fair value of the cash-generating unit has been assessed on the basis of fair value less costs of disposal. The Group obtained an independent valuation as at 31 December 2020 which has increased since 30 June 2020. The mid-point valuation as at 31 December 2020 was \$1.315 billion (30 June 2020: \$1.248 billion). No impairment indicators were identified.

Application of new and revised accounting standards

The Group has adopted the amendments included in AASB 2019-1 for the first time in the current year. The adoption has resulted in consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. Key changes include:

- (i) Update numerous pronouncements to refer to the new Conceptual Framework for Financial Reporting or to clarify which version of the Framework is being referenced. These amendments apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the new Conceptual Framework: and
- (ii) Permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004.

4 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim statement of profit or loss are:

	Consolidated half-year ended	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Income taxes		
Current income tax expense	30,747	21,079
Deferred income tax expense/(income) related to origination and reversal of deferred taxes	(3,015)	1,310
Income tax expense recognised in statement of profit or loss	27,732	22,388

5 Investment in controlled entities

During the half-year ended 31 December 2020, the Group formed SMHL Series Trust 2020-1 as part of its securitisation program, which settled on 17 December 2020. The trust was formed in Australia, and the Group holds 100% of the residual income units in the trust.

Members Equity Bank Limited

Condensed notes to the financial statements for the half-year ended 31 December 2020

6 Financial instruments

(i) Categories of financial instruments

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	843,558	1,376,694
Investments		
Amortised cost financial asset	66,580	34,658
FVTOCI financial assets	2,987,191	2,346,725
FVTPL financial assets	153,028	899,515
Total Investments	3,206,799	3,280,898
Derivatives		
Designated hedge accounting relationship	81	555
FVTPL derivatives	-	249
Total Derivatives	81	804
Trade and other receivables	6,948	4,184
Loans and advances	25,942,183	26,615,476
Financial liabilities		
Derivatives		
Designated hedge accounting relationship	54,580	80,735
FVTPL derivatives	1,879	1,928
Total Derivatives	56,459	82,663
Deposits and other borrowings	28,425,599	29,771,024
Trade and other payables	22,021	22,190

(ii) Fair value of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Members Equity Bank Limited

Condensed notes to the financial statements for the half-year ended 31 December 2020

6 Financial instruments (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Consolidated			Total
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
31 December 2020				
Financial assets				
Investments				
FVTOCI financial assets:				
Treasury notes and semi-government securities	-	1,436,542	-	1,436,542
Bank bills	-	16,999	-	16,999
Corporate floating rate notes	-	729,166	-	729,166
Mortgage backed securities	-	142,378	-	142,378
FVTPL financial assets:				
Government securities	-	812,134	-	812,134
Unlisted equity	-	-	3,000	3,000
	-	3,137,219	3,000	3,140,219
Derivatives				
Designated hedge accounting relationship	-	81	-	81
FVTPL derivatives	-	-	-	-
	-	81	-	81
Financial liabilities				
Derivatives				
Designated hedge accounting relationship	-	54,580	-	54,580
FVTPL derivatives	-	1,879	-	1,879
	-	56,459	-	56,459
30 June 2020				
Financial assets				
Investments				
FVTOCI financial assets:				
Treasury notes and semi-government securities	-	1,415,953	-	1,415,953
Bank bills	-	46,961	-	46,961
Corporate floating rate notes	-	733,308	-	733,308
Mortgage backed securities	-	150,503	-	150,503
FVTPL financial assets:				
Government securities	-	896,515	-	896,515
Unlisted equity	-	-	3,000	3,000
	-	3,243,240	3,000	3,246,240
Derivatives				
Designated hedge accounting relationship	-	555	-	555
FVTPL derivatives	-	249	-	249
	-	804	-	804
Financial liabilities				
Derivatives				
Designated hedge accounting relationship	-	80,735	-	80,735
FVTPL derivatives	-	1,928	-	1,928
	-	82,663	-	82,663

There were no transfers of financial instruments between levels 1, 2, and 3 during the half-year.

Members Equity Bank Limited

Condensed notes to the financial statements for the half-year ended 31 December 2020

6 Financial instruments (continued)

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values:

	Book Value \$'000	Consolidated			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
31 December 2020					
Financial assets					
Loans and advances (i)	25,942,183	-	-	26,011,809	26,011,809
Financial liabilities					
Deposits and other borrowings:					
- Medium term notes (ii)	651,413	-	654,349	-	654,349
30 June 2020					
Financial assets					
Loans and advances (i)	26,615,476	-	-	26,722,502	26,722,502
Financial liabilities					
Deposits and other borrowings:					
- Medium term notes (ii)	951,451	-	952,054	-	952,054

Methodologies and assumptions used to determine the fair value of financial assets and liabilities not carried at fair value

- (i) The fair value of fixed rate loans is estimated by reference to current market rates offered on similar loans. The Group has reviewed the disclosure in relation to the classification of the fair value hierarchy for loans and advances, and has determined that it should be classified as level 3 fair value. The inputs used to determine the fair value of loans and advances are unobservable.
- (ii) The fair values of medium term notes are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

7 Risk management

	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
New and increased provisions (net of releases)	2,780	3,949
Write offs net of provision releases	1,746	1,861
Recoveries	(1,654)	(1,316)
Total impairment loss charged to the income statement	2,872	4,493

The table below aggregates the ECL allowance by product:

	Consolidated	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Credit cards	11,502	9,757
Personal loans	10,386	12,390
Residential home loans	73,338	73,070
	95,226	95,217

Members Equity Bank Limited

Condensed notes to the financial statements for the half-year ended 31 December 2020

7 Risk management (continued)

The table below shows the reconciliation from the opening balance to the closing balance of ECL allowance and transfers during the period:

	Consolidated				Total
	Stage 1 12-month ECL Collective provision \$'000	Stage 2 Lifetime ECL not credit impaired Collective provision \$'000	Stage 3 Lifetime ECL credit impaired Collective provision \$'000	Stage 3 Lifetime ECL credit impaired Specific provision \$'000	
Balance as at 30 June 2019	10,186	12,257	15,624	5,032	43,099
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12 month ECL - collective provision	4,643	(3,006)	(1,385)	(252)	-
Transferred to lifetime ECL - collective provision	(409)	3,180	(2,658)	(113)	-
ECL credit impaired					
- collective provision	(49)	(1,859)	2,458	(550)	-
- specific provision	-	(111)	(539)	650	-
Changes due to modifications that did not result in modification	-	-	-	-	-
New financial assets originated or purchased	1,186	457	137	-	1,780
Changes in model risk parameters	696	3	27	-	726
Increased provisions (net of releases)	(5,251)	(243)	2,911	4,026	1,443
Write-backs of specific provisions	-	-	-	-	-
Write-off from specific provisions	-	-	-	(2,535)	(2,535)
Balance as at 31 December 2019	11,002	10,678	16,575	6,258	44,513
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12 month ECL - collective provision	2,383	(718)	(1,848)	183	-
Transferred to lifetime ECL - collective provision	(55)	305	(149)	(101)	-
ECL credit impaired					
- collective provision	(52)	(136)	750	(562)	-
- specific provision	(8)	(90)	(83)	181	-
Changes due to modifications that did not result in modification	-	-	-	-	-
New financial assets originated or purchased	825	1,871	1,059	-	3,755
Changes in model risk parameters	(2,487)	36,501	(3,810)	-	30,204
Increased provisions (net of releases)	(1,488)	10,299	6,696	1,789	17,296
Write-backs of specific provisions	-	-	-	-	-
Write-off from specific provisions	-	-	-	(551)	(551)
Balance as at 30 June 2020	10,120	58,710	19,190	7,197	95,217

Members Equity Bank Limited

Condensed notes to the financial statements for the half-year ended 31 December 2020

7 Risk management (continued)

	Consolidated				Total
	Stage 1 12-month ECL Collective provision \$'000	Stage 2 Lifetime ECL not credit impaired Collective provision \$'000	Stage 3 Lifetime ECL credit impaired Collective provision \$'000	Stage 3 Lifetime ECL credit impaired Specific provision \$'000	
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12 month ECL - collective provision	9,905	(6,232)	(2,927)	(746)	-
Transferred to lifetime ECL - collective provision	(218)	3,700	(3,392)	(90)	-
Transferred to lifetime ECL credit impaired					
- collective provision	(6)	(1,157)	1,243	(80)	-
- specific provision	(1)	(110)	(436)	547	-
Changes due to modifications that did not result in modification	-	-	-	-	-
New financial assets originated or purchased	743	223	19	24	1,009
Changes in model risk parameters	-	7,435	-	-	7,435
Increased provisions (net of releases)	(8,282)	(2,802)	1,975	3,445	(5,664)
Write-backs of specific provisions	-	-	-	-	-
Write-off from specific provisions	-	-	-	(2,771)	(2,771)
Balance as at 31 December 2020	12,261	59,767	15,672	7,526	95,226

8 Segment Information

The Group operates as one segment and therefore no separate segment reporting is provided.

9 Contingent Liabilities

There are contingent liabilities that may exist in respect to current regulatory reviews, including an ongoing investigation by ASIC in respect of the conduct at ME Bank. The Group is of the opinion that the outcome and the possibility of any obligation from these reviews is uncertain and any associated costs cannot be reliably measured.

10 Subsequent events

On 22nd February 2021 it was announced that Bank of Queensland Limited will acquire 100% of the ordinary share capital in ME Bank for \$1.325 billion pursuant to a share sale and purchase deed. Bank of Queensland Limited issued publicly available documentation in relation to the transaction and associated risks.

On 11th March 2021 the Board approved a Dividend (tax fully franked) of \$60 million to shareholders.

There have been no other matters or circumstances which have arisen since the end of the financial half-year which significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.