



**Prudential Disclosure Document**  
as at June 2017

## Introduction

In accordance with Australian Prudential Standard APS 330, locally incorporated ADI's using the standardised approach under the Basel III regulatory regime such as Regional Australia Bank are required to disclose information about their Capital, Capital Instruments, Credit Risk exposure and Remuneration.

The frequency and timing of Regional Australia Bank's disclosure's as required under the Prudential Standard APS 330 Public Disclosure are:

Table	Frequency of Disclosure
Table 1: Composition of Capital	Annual
Regulatory Capital reconciliation	Annual
Table 2: Main features of Capital Instruments	Continuously
Table 3: Capital Adequacy	Quarterly
Table 4: Credit Risk	Quarterly
Table 5: Securitisation	Quarterly
Table 18: Remuneration	Annual

## Capital Management

Regional Australia Bank maintains an actively managed capital base to cover risks inherent in its business. The adequacy of Regional Australia Bank's capital is monitored using, among other measures, the rules and ratios established by the Australian Prudential Regulation Authority.

Regional Australia Bank has complied in full with all its externally imposed capital requirements. The primary objectives of Regional Australia Bank's capital management are to ensure that the business complies with externally imposed capital requirements and that Regional Australia Bank maintains healthy capital ratios in order to support its activities.

For the purposes of Capital disclosures Regional Australia Bank is using the post 1 January 2018 common disclosure template because it is fully applying the Basel III regulatory adjustments as implemented by APRA.



<b>TABLE 1 Composition of Capital</b>		<b>as at 30 June 2017</b>	<b>Reference to reconciliation</b>
<i>Item No</i>	<b>Common Equity Tier 1 Capital: instruments and reserves</b>	000's	
1	Directly issued qualifying ordinary shares (and equivalent for mutually owned entities) capital	-	
2	Retained Earnings	102,855	
3	Accumulated other comprehensive income (and other reserves)	1,426	
4	Directly issued capital subject to phase-out from CET1 (only applicable to mutually owned companies)	-	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
<b>6</b>	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>104,280</b>	<b>(a) + (b)</b>
	<b>Common Equity Tier 1 Capital: Regulatory adjustments</b>	000's	
7	Prudential valuation adjustments	-	
8	Goodwill (Net of related tax liability)	-	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	898	
10	Deferred Tax Assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,214	(c)
11	Cash Flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit superannuation fund net assets	-	
16	Investments in own shares (if not already netted off paid in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
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)	500	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20	Mortgage service rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding 15% threshold	-	
23	of which: significant investments of the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i, 26j)	-	
26a	of which: treasury shares	-	
26b	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	-	
26c	of which: deferred fee income	-	
26d	of which: equity investments in financial institutions not reported in rows 18, 19, 23	629	
26e	of which: deferred tax assets not reported in rows 10, 21, 25	-	
26f	of which: capitalised expenses	-	
26g	of which: investments in commercial (non financial) entities that are deducted under APRA rules	-	
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	-	
27	Regulatory adjustments applied to common equity Tier 1 due to insufficient additional Tier 1 and Tier 2 to cover deductions	-	
<b>28</b>	<b>Total regulatory Adjustments to Common Equity Tier 1</b>	<b>4,242</b>	
<b>29</b>	<b>Common Equity Tier 1 Capital (CET1)</b>	<b>100,039</b>	



	as at 30 June 2017	Reference to reconciliation
<b>Additional Tier 1 Capital: Instruments</b>		000's
30	Directly issued qualifying Additional Tier 1 instruments	-
31	of which: classified as Equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	<i>Directly issued Capital Instruments subject to phase-out from Additional Tier 1</i>	-
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)	-
35	of which: instruments issued by subsidiaries subject to phase-out	-
36	<b>Additional Tier 1 Capital before regulatory adjustments</b>	-
<b>Additional Tier 1 Capital: Regulatory adjustments</b>		
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
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)	-
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)	-
41	National specific regulatory adjustments (sum of rows 41a, 41b, 41c)	-
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	<b>Total Regulatory adjustments to Additional Tier 1 Capital</b>	-
44	<b>Additional Tier 1 Capital (AT1)</b>	-
45	<b>Tier 1 Capital (T1 = CET1 + AT1)</b>	<b>100,039</b>
<b>Tier 2 Capital: Instruments and Provisions</b>		000's
46	Directly issued qualifying Tier 2 instruments	-
47	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	2,821
48	Tier 2 instruments (and CET1 and AT1 instruments not included in row 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	-
49	of which: instruments issued by subsidiaries subject to phase-out	-
50	Provisions	3,019
51	<b>Tier 2 Capital before regulatory adjustments</b>	<b>5,840</b>
<b>Tier 2 Capital: Regulatory Adjustments</b>		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	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	-
55	entities that are outside the scope of regulatory consolidation, net of eligible short positions	-
56	National specific regulatory adjustments (sum of rows 56a, 56b, 56c)	-
56a	of which: holdings of Capital instruments in group members by other group members on behalf of third parties	-
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	-
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-
57	<b>Total Regulatory adjustments to Tier 2 Capital</b>	-
58	<b>Tier 2 Capital (T2)</b>	<b>5,840</b>



	as at 30 June 2017	Reference to reconciliation	
59	<b>Total Capital (TC = T1 + T2)</b>	<b>105,879</b>	
60	<b>Total Risk Weighted Assets based on APRA standards</b>	<b>668,805</b>	
<b>Capital Ratios and Buffers</b>			
61	Common Equity Tier 1 as a percentage of Risk Weighted Assets	14.96%	
62	Tier 1 (as a percentage of Risk Weighted Assets)	14.96%	
63	Total Capital (as a percentage of Risk Weighted Assets)	15.83%	
64	Institution-specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIBs buffer requirement, expressed as a percentage of Risk Weighted Assets)	7.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: ADI-specific countercyclical buffer requirements	0.00%	
67	of which: G-SIB buffer requirement	0.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of Risk Weighted Assets)	7.50%	
<b>National Minima (if different from Basel III)</b>			000's
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	
71	National Total Capital minimum ratio (if different from Basel III minimum)	-	
<b>Amount below thresholds for deductions (not Risk Weighted)</b>			000's
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the ordinary shares of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			000's
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	3,019	(b)
77	Cap on inclusion of provisions in Tier 2 under standardised approach	8,360	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (Prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1st Jan 2018 and 1st Jan 2022)</b>			000's
80	Current cap on CET1 instruments subject to phase-out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase-out arrangements	2,821	
85	Amount excluded from T2 due to cap excess over cap	-	



Regulatory Capital Reconciliation	as at 30-June-2017			Reference
	Balance Sheet per Audited Financial Statements \$'000	Adjustments \$'000	Balance Sheet Under Regulatory Scope of Consolidation \$'000	
<b>ASSETS</b>				
Cash and cash equivalents	89,212	-	89,212	
Due from other financial institutions	-	-	-	
Trade and other receivables	8,409	-	8,409	
Loans and advances to members	1,066,896	-	1,066,896	
Less: Provision	(2,800)	109	(2,691)	(a)
Less: General Reserve for Credit Losses	-	(3,019)	(3,019)	(b)
Financial assets - available-for-sale	1,129	-	1,129	
Financial assets - held-to-maturity	138,654	-	138,654	
Property, plant and equipment	5,968	-	5,968	
Intangible assets	892	-	892	
Deferred tax assets	2,214	94	2,308	(c)
Loss reserve loan	-	-	-	
<b>Total Assets</b>	<b>1,310,574</b>	<b>(2,816)</b>	<b>1,307,758</b>	
<b>LIABILITIES</b>				
Deposits	1,176,723	-	1,176,723	
Trade and other payables	20,027	-	20,027	
Current tax liabilities	-	-	-	
Deferred tax liabilities	-	94	94	(c)
Provisions	3,084	-	3,084	
Lease liabilities	-	-	-	
Subordinated debt	3,994	-	3,994	
<b>Total Liabilities</b>	<b>1,203,828</b>	<b>94</b>	<b>1,203,922</b>	
<b>Net Assets</b>	<b>106,746</b>	<b>(2,910)</b>	<b>103,836</b>	
<b>EQUITY</b>				
Preference shares	-	-	-	
Redeemable member shares	657	-	657	
Reserves	768	-	768	
Retained earnings	97,306	109	97,415	(a)
Contributed equity	8,451	-	8,451	
Transfer of General Reserve for Credit Losses	-	(3,019)	(3,019)	(b)
<b>Total Equity</b>	<b>107,182</b>	<b>(2,910)</b>	<b>104,272</b>	



**TABLE 2: Capital Instruments**

	Main Features	Instrument 1
1	Issuer	Australian Mutual Investment Trust
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	N/a
3	Governing law(s) of the instrument	NSW Australia
	<i>Regulatory Treatment</i>	
4	Transitional Basel III rules	Tier 2 Capital
5	Post-transitional Basel III rules	Non-eligible Capital
6	Eligible as solo/group/group and solo	N/a
7	Instrument Type (ordinary shares/preference shares/subordinated notes/other)	Term Unsecured Subordinated Debt Instrument
8	Amount recognised in regulatory capital (currency in mil, as of most recent reporting date)	\$2.821 mill
9	Par Value of instrument	\$4.0 mill
10	Accounting classification	Subordinated Debt
11	Original date of issuance	9-Nov-12
12	Perpetual or dated	Dated
13	Original maturity date	9-Nov-22
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	On any Interest payment date following 5th anniversary, redmption of all, or some of the debt with a minimum and multiples of AUD\$100,000
16	Subsequent call dates if applicable	As above
	<i>Coupons/Dividends</i>	
17	Fixed or floating Dividend/Coupon	Floating
18	Coupon Rate and any related index	AUD BBSW + 593 bps
19	Existence of a Dividend stopper	N/a
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No
22	Noncumulative or cumulative	Non cumulative
23	Convertible or non-convertible	Non convertible
24	If convertible, conversion trigger(s)	N/a
25	If convertible, fully or partially	N/a
26	If convertible, conversion rate	N/a
27	If convertible, mandatory or optional conversion	N/a
28	If convertible, specify instrument type convertible into	N/a
29	If convertible, specify issuer of instrument it converts into	N/a
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/a
32	If write-down, full or partial	N/a
33	If write-down, permanent or temporary	N/a
34	If temporary write-down, description of write-up mechanism	N/a
35	Position in subordination heirarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated
36	Non-compliant transitioned features	Yes
37	If yes, specify non compliant features	No write down or convertible feature



<b>TABLE 3: Capital Adequacy</b>	<b>30 Jun 2017</b> 000's	<b>31 Mar 2017</b> 000's
Capital requirements (in terms of risk weighted assets) for :		
Credit Risk		
Residential Mortgages	357,973	350,392
Other Retail Loans	50,476	58,119
Corporate Loans	115,962	108,318
Funds Deposited with ADI's	50,053	51,453
Government Securitisation		
Fixed Assets	6,860	6,954
Other Assets	25,009	41,498
Total Credit Risk	606,332	616,735
Market risk	-	-
Operational risk	62,473	60,005
Total Assessed Risk	668,805	676,740
<b>Common Equity Tier 1</b>	<b>14.96%</b>	<b>14.53%</b>
<b>Tier 1</b>	<b>14.96%</b>	<b>14.53%</b>
<b>Total Capital</b>	<b>15.83%</b>	<b>15.40%</b>





<b>TABLE 4: Credit Risk June Quarter</b>	30 Jun 17 000's	Qtr Average 000's
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Total Gross Credit Risk exposures, plus average gross exposure over the period, broken down by;

Cash and cash equivalents	227,866	224,721
Trade and other receivables	8,845	15,110
Loans and advances to members		
Personal Loans	76,896	77,810
Mortgage Loans	855,912	845,191
Commercial Loans	104,522	101,601
Revolving Credit	26,766	26,383
Available for sale investments	1,129	1,127
Property, plant and equipment	5,968	6,060
Intangible assets	892	847
Deferred tax assets	2,214	2,192
Loss reserve loan	0	0
	1,311,010	1,301,043
Claims secured by residential mortgage	902,089	890,063
Other retail	103,266	103,996
Corporate (excluding secured by residential mortgage)	58,741	56,926
	1,064,096	1,050,985

By portfolio:

	Jun 17				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	1,395	3,231	450	0	0
Other retail	2,505	2,971	0	0	264
Corporate	0	0	0	0	0
Bank	0	0	0	0	0
Government	0	0	0	0	0
All other	0	0	0	0	0
<b>Total</b>	<b>3,900</b>	<b>6,202</b>	<b>450</b>	<b>0</b>	<b>264</b>

The General Reserve for Credit Losses	3,019
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<b>TABLE 4: Credit Risk March Quarter</b>	31 Mar 17 000's	Qtr Average 000's
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Total Gross Credit Risk exposures, plus average gross exposure over the period, broken down by;

Cash and cash equivalents	221,576	213,537
Trade and other receivables	21,376	25,141
Loans and advances to members		
Personal Loans	78,724	78,103
Mortgage Loans	834,471	820,860
Commercial Loans	98,679	98,879
Revolving Credit	26,000	25,563
Available for sale investments	1,126	1,126
Property, plant and equipment	6,152	6,149
Intangible assets	802	814
Deferred tax assets	2,170	2,170
Loss reserve loan	0	37
	1,291,076	1,272,378
Claims secured by residential mortgage (reflect	878,038	863,966
Other retail	104,725	103,666
Corporate (excluding secured by residential mortgage)	55,112	55,773
	1,037,875	1,023,405

By portfolio:

	Mar 17				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	2,534	4,136	407	0	0
Other retail	2,038	3,339	0	0	105
Corporate	0	0	0	0	0
Bank	0	0	0	0	0
Government	0	0	0	0	0
All other	0	0	0	0	0
<b>Total</b>	<b>4,572</b>	<b>7,475</b>	<b>407</b>	<b>0</b>	<b>105</b>

The General Reserve for Credit Losses	3,093
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<b>TABLE 5: Securitisation exposures</b>	<b>June</b> 000's	<b>March</b> 000's
<b>Loans Securitised during the quarter</b>	<b>33,193</b>	<b>17,708</b>
<b>On-Balance Sheet Securitisation Exposures</b>		
Claims secured by residential mortgage	138,962	121,142
<b>Off-Balance Sheet Securitisation Exposures</b>		
Claims secured by residential mortgage	1,272	1,315
<b>Total</b>	<b>140,235</b>	<b>122,457</b>



**TABLE 18: Remuneration Disclosure requirements**

Regional Australia Bank's Board Corporate Governance Committee is responsible for overseeing remuneration across the organisation. Regional Australia Bank uses an independent remuneration specialist to ensure that remuneration for Executive Management and the Board is prudent and consistent with market practices. The Board Corporate Governance Committee reviews the Board Remuneration Policy annually and has a process in place to ensure that remuneration for the Chief Executive Officer (CEO) and individual Executive Management has clear approval and oversight.

Regional Australia Bank's remuneration is unrestricted cash based remuneration, including superannuation payments. Remuneration for staff is determined by the relevant Executive Manager and the CEO where necessary for endorsement of key staff. Regional Australia Bank's remuneration structure is salary based. There is a Long Term Incentive remuneration structure for the CEO and Executive Management which is benchmarked against strategic key performance indicators aligned to strategy, which is set and monitored by the Board.

Regional Australia Bank's "senior managers" and "material risk takers" as defined in paragraph 17 of this Prudential Standard include those persons defined as Regional Australia Bank's "executive management team". They include the Chief Executive Officer, Company Secretary / Chief Governance Officer, Chief Financial Officer, Chief Risk Officer, Chief Operations Officer, Chief Information Officer, Chief Marketing Officer and Chief Sales Officer.

General staff at Regional Australia Bank have a performance remuneration structure that is aligned to business plans and key performance indicators. Any performance remuneration for staff is approved by respective Executive Managers, and at times by the CEO, to ensure the achievement against performance measures.

#### Quantitative Disclosure

Regional Australia Bank's Corporate Governance Committee met on 4 occasions during the last financial year. The total remuneration paid to the members of the Corporate Governance Committee in 2016/2017 was \$263,370.

- The number of persons having received a variable remuneration award during the financial year.	Nil	
- Number and total amount of guaranteed bonuses awarded during the financial year.	Nil	
- Number and total amount of sign-on awards made during the financial year.	Nil	
- Number and total amount of termination payments made during the financial year.	0	\$0
- Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	\$0	
- Total amount of deferred remuneration paid out in the financial year.	\$0	
- Breakdown of the amount of remuneration awards for the financial year in accordance with Table 18A below to show: <ul style="list-style-type: none"> <li>- fixed and variable;</li> <li>- deferred and non-deferred; and</li> <li>- the different forms used (cash, shares and share-linked instruments and other forms).</li> </ul>	See table 18A	
Quantitative information about persons' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:		
- Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil	
- Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil	
- Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil	

**TABLE 18A: Total Remuneration rewards of Material Risk Takers**

Total value of remuneration awards for the current financial year	Unrestricted	Deferred
<b>Fixed remuneration</b>		
- Cash-based	\$2,289,942	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	\$179,612	n/a
<b>Variable remuneration</b>		
- Cash-based	n/a	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	n/a	n/a

