



Prudential Disclosure Document
as at June 2018

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 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.



TABLE 1	Composition of Capital	as at 30 June 2018	Reference to reconciliation
<i>Item No</i>	Common Equity Tier 1 Capital: instruments and reserves	000's	
1	Directly issued qualifying ordinary shares (and equivalent for mutually owned entities) capital	-	
2	Retained Earnings	111,346	
3	Accumulated other comprehensive income (and other reserves)	2,133	
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)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	113,479	(a) + (b)
	Common Equity Tier 1 Capital: Regulatory adjustments	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)	863	
10	Deferred Tax Assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,294	(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	879	
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	-	
28	Total regulatory Adjustments to Common Equity Tier 1	3,536	
29	Common Equity Tier 1 Capital (CET1)	109,943	



	as at 30 June 2018	Reference to reconciliation
Additional Tier 1 Capital: Instruments		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	Additional Tier 1 Capital before regulatory adjustments	-
Additional Tier 1 Capital: Regulatory adjustments		
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	Total Regulatory adjustments to Additional Tier 1 Capital	-
44	Additional Tier 1 Capital (AT1)	-
45	Tier 1 Capital (T1 = CET1 + AT1)	109,943
Tier 2 Capital: Instruments and Provisions		000's
46	Directly issued qualifying Tier 2 instruments	-
47	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	-
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	3,085
51	Tier 2 Capital before regulatory adjustments	3,085
Tier 2 Capital: Regulatory Adjustments		
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	Total Regulatory adjustments to Tier 2 Capital	-
58	Tier 2 Capital (T2)	3,085



	as at 30 June 2018	Reference to reconciliation	
59	Total Capital (TC = T1 + T2)	113,028	
60	Total Risk Weighted Assets based on APRA standards	701,669	
Capital Ratios and Buffers			
61	Common Equity Tier 1 as a percentage of Risk Weighted Assets	15.67%	
62	Tier 1 (as a percentage of Risk Weighted Assets)	15.67%	
63	Total Capital (as a percentage of Risk Weighted Assets)	16.11%	
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)	8.11%	
National Minima (if different from Basel III)			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)	-	
Amount below thresholds for deductions (not Risk Weighted)			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)	-	
Applicable caps on the inclusion of provisions in Tier 2			000's
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	3,085	(b)
77	Cap on inclusion of provisions in Tier 2 under standardised approach	8,771	
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	-	
Capital instruments subject to phase-out arrangements (only applicable between 1st Jan 2018 and 1st Jan 2022)			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	-	
85	Amount excluded from T2 due to cap excess over cap	-	



Regulatory Capital Reconciliation	as at 30-June-2018			
	Balance Sheet per Audited Financial Statements \$'000	Adjustments \$'000	Balance Sheet Under Regulatory Scope of Consolidation \$'000	Reference
ASSETS				
Cash and cash equivalents	80,233	-	80,233	
Trade and other receivables	4,979	-	4,979	
Loans and advances to members	1,146,815	-	1,146,815	
Less: Provision	(2,705)	(505)	(3,210)	(a)
Less: General Reserve for Credit Losses	-	(3,085)	(3,085)	(b)
Financial assets - available-for-sale	1,379	-	1,379	
Financial assets - held-to-maturity	163,725	-	163,725	
Property, plant and equipment	5,715	-	5,715	
Intangible assets	862	-	862	
Current Tax Assets	1,650	-	1,650	
Deferred tax assets	1,294	396	1,690	(c)
Total Assets	1,403,947	(3,194)	1,400,753	
LIABILITIES				
Deposits	1,269,157	-	1,269,157	
Trade and other payables	14,601	-	14,601	
Deferred tax liabilities	-	396	396	(c)
Provisions	3,129	-	3,129	
Total Liabilities	1,286,887	396	1,287,283	
Net Assets	117,060	(3,590)	113,470	
EQUITY				
Redeemable member shares	678	-	678	
Reserves	1,454	-	1,454	
Retained earnings	106,477	(505)	105,972	(a)
Contributed equity	8,451	-	8,451	
Transfer of General Reserve for Credit Losses	-	(3,085)	(3,085)	(b)
Total Equity	117,060	(3,590)	113,470	



TABLE 3: Capital Adequacy	30 Jun 2018 000's	31 Mar 2018 000's
Capital requirements (in terms of risk weighted assets) for :		
Credit Risk		
Residential Mortgages	377,101	369,509
Other Retail Loans	39,112	34,784
Corporate Loans	124,973	120,529
Funds Deposited with ADI's	47,769	50,077
Government Securitisation		
Fixed Assets	5,857	6,314
Other Assets	42,682	49,192
Total Credit Risk	637,495	630,405
Market risk	-	-
Operational risk	64,174	65,445
Total Assessed Risk	701,669	695,850
Common Equity Tier 1	15.67%	15.42%
Tier 1	15.67%	15.42%
Total Capital	16.11%	15.86%



TABLE 4: Credit Risk June Quarter June 18
000's Qtr Average
000's

Total Gross Credit Risk exposures, plus average gross exposure over the period, broken down by;

Cash and cash equivalents	243,958	235,742
Trade and other receivables	6,629	20,047
Loans and advances to members		
Personal Loans	72,063	73,107
Mortgage Loans	933,947	917,197
Commercial Loans	112,918	111,578
Revolving Credit	25,182	25,592
Available for sale investments	1,379	1,252
Property, plant and equipment	5,715	5,601
Intangible assets	862	845
Deferred tax assets	1,294	1,801
Loss reserve loan	0	2
	1,403,947	1,392,764
Claims secured by residential mortgage	977,117	960,219
Other retail	83,505	91,830
Corporate (excluding secured by residential mortgage)	83,488	75,426
	1,144,110	1,127,474

By portfolio:

	Jun 18				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	1,361	1,849	447	0	0
Other retail	2,950	3,753	0	0	295
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
Total	4,311	5,601	447	0	295

The General Reserve for Credit Losses 3,085



TABLE 4: Credit Risk March Quarter	31 Mar 18 000'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	227,526	235,964
Trade and other receivables	33,465	23,577
Loans and advances to members		
Personal Loans	74,152	73,924
Mortgage Loans	900,446	894,332
Commercial Loans	110,238	110,882
Revolving Credit	26,003	25,445
Available for sale investments	1,126	1,126
Property, plant and equipment	5,487	5,558
Intangible assets	827	798
Deferred tax assets	2,308	2,308
Loss reserve loan	4	4
	1,381,581	1,373,917
Claims secured by residential mortgage (reflect	943,321	937,207
Other retail	100,154	99,369
Corporate (excluding secured by residential mortgage)	67,364	68,008
	1,110,839	1,104,583

By portfolio:

	Mar 18				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	1,068	1,763	407	0	0
Other retail	2,038	2,824	0	0	262
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
Total	3,105	4,586	407	0	262

The General Reserve for Credit Losses	3,045
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TABLE 5: Securitisation exposures	June 000's	March 000's
Loans Securitised during the quarter	17,489	0
On-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	139,258	138,819
Off-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	863	957
Total	140,121	139,776



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 2017/2018 was \$220,945.20.

- 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"> - fixed and variable; - deferred and non-deferred; and - the different forms used (cash, shares and share-linked instruments and other forms). 	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
Fixed remuneration		
- Cash-based	\$2,230,805	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	\$172,728	n/a
Variable remuneration		
- Cash-based	\$312,498	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	\$53,062	n/a

