



Prudential Disclosure Document
as at June 2022

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 disclosures 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 22: 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.



as at
30 June 2022

TABLE 1 Composition of Capital

<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	203,751
3	Accumulated other comprehensive income (and other reserves)	2,076
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	205,827
	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)	2,423
10	Deferred Tax Assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,811
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)	-
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)	995
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	995
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	6,229
29	Common Equity Tier 1 Capital (CET1)	199,598



	as at 30 June 2022	
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)	199,598
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	<i>of which: instruments issued by subsidiaries subject to phase-out</i>	-
50	Provisions	4,907
51	Tier 2 Capital before regulatory adjustments	4,907
Tier 2 Capital: Regulatory Adjustments		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in 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)	-
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	-
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)	4,907



as at
30 June 2022

59	Total Capital (TC = T1 + T2)	204,505
60	Total Risk Weighted Assets based on APRA standards	1,338,397
Capital Ratios and Buffers		
61	Common Equity Tier 1 as a percentage of Risk Weighted Assets	14.91%
62	Tier 1 (as a percentage of Risk Weighted Assets)	14.91%
63	Total Capital (as a percentage of Risk Weighted Assets)	15.28%
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements, 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 (not applicable)	0.00%
68	Common Equity Tier 1 available to meet buffers (as a percentage of Risk Weighted Assets)	7.28%
National Minima (if different from Basel III)		%
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)	4,907
77	Cap on inclusion of provisions in Tier 2 under standardised approach	16,730
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 after redemptions and maturities)	-



Regulatory Capital Reconciliation

as at
30-June-2022

	Balance Sheet per Audited Financial Statements	Adjustment (1)	Level 1 Regulatory Statement of Financial Position	Reference to Regulatory Statement of Financial Position
	\$'000	\$'000	\$'000	
ASSETS				
Cash and cash equivalents	279,552	(72,527)	207,025	Section A: 1 & 2
Investments at amortised cost	495,139	(28,648)	466,491	Section A: 3 & 4
Loans, advances at amortised cost	2,354,981	-	2,354,981	Section A: 6
Trade and other receivables	1,100	109,103	110,203	Section A: 10
Other Financial Assets	2,475	(1,480)	995	Section A: 4.2
Land and buildings	4,765	(4,765)	-	
Plant and equipment	2,910	4,765	7,675	Section A: 8
Intangible Assets - computer software	943	-	943	Section A: 9
Right of Use Asset	4,909	(4,909)	-	
Current Tax assets	-	-	-	
Deferred tax assets	2,811	469	3,280	Section A: 10.6
Total Assets	3,149,585	2,008	3,151,593	
LIABILITIES				
Deposits	2,699,099	(705)	2,698,394	Section B: 14
Trade and other payables	18,451	7,195	25,646	Section B: 18
Term Funding Facility	212,958	-	212,958	Section B: 18.6
Lease Liabilities	4,951	(4,951)	-	
Current tax Liabilities	2,716	469	3,185	Section B: 18.1
Employee Benefits	4,415	-	4,415	Section B: 17.2
Provisions	136	-	136	Section B: 17
Total Liabilities	2,942,726	2,008	2,944,734	
Net Assets	206,859	-	206,859	
EQUITY				
Redeemable member shares	1,143	-	1,143	Section C: 23.1
Reserves	933	-	933	Section C: 23
Retained earnings	156,785	47,998	204,783	Section C: 24
Contributed Equity	47,998	(47,998)	-	
Total Equity	206,859	-	206,859	

(1) Adjustment column reflects different classifications between accounting and regulatory reporting



The following is an expanded Statement of Financial Position under APRA Level 1 Regulatory Capital that provides details on the components of Capital reported in the Table 1 Composition of Capital Template

		\$'000	Level 1 Regulatory Statement of Financial \$'000	Table 1 Composition of Capital Reference
ASSETS				
Cash and cash equivalents			207,025	
Trading & investment securities which includes	Trading & debt securities	466,491		
	Equity securities	<u>995</u>	467,487	Row 26d
Loans which includes	Loans	2,360,379		
	Individual provision	(1,463)		
	General Reserve for Credit Losses (GRCL)	(4,907)		Row 50
	Collective Provision Stage 1 not included in GRCL	1,028		
	Collective Provision Stage 2 not included in GRCL	<u>(55)</u>	2,354,981	
Property, plant & equipment			7,675	
Intangible Assets			943	Row 9
Other Assets which includes	Contract assets	1,480		Row 9
	Gross Deferred Tax Assets (DTA)	<u>3,280</u>		
	Deferred Tax Liabilities (DTL)	(469)		
	Net Deferred Tax Assets (DTA)	<u>2,811</u>	113,482	Row 10
Total Assets			<u>3,151,593</u>	
LIABILITIES				
Deposits			2,698,394	
Provisions			4,551	
Creditors and other liabilities			241,788	
Total Liabilities			<u>2,944,734</u>	
Net Assets			<u>206,859</u>	
EQUITY				
Reserves which includes	Redeemable member shares	1,143		
	Reserves	<u>933</u>	2,076	Row 3
Retained profits which includes	Regulatory Retained Earnings	203,755		Row 2
	Collective Provision Stage 1 not included in GRCL	<u>1,028</u>	204,783	
Total Equity			<u>206,859</u>	



TABLE 3: Capital Adequacy	30 Jun 2022	31 Mar 2022
	000's	000's
Capital requirements (in terms of risk weighted assets) for :		
Credit Risk		
Residential Mortgages	821,210	813,804
Other Retail Loans	123,780	126,893
Corporate Loans	49,754	49,727
Funds Deposited with ADI's	115,039	86,335
Government	-	-
Fixed Assets	13,527	12,586
Other Assets	7,817	8,919
Off Balance Sheet	79,281	81,682
Total Credit Risk	1,210,408	1,179,947
Market risk	-	-
Operational risk	127,989	122,810
Total Assessed Risk	1,338,397	1,302,757
Common Equity Tier 1	14.91%	14.98%
Tier 1	14.91%	14.98%
Total Capital	15.28%	15.36%



TABLE 4: Credit Risk June Quarter	30 Jun 22 000's	Qtr Average 000's
Total Gross Credit Risk exposures, plus average gross exposure over the period, broken down by;		
Cash and Investment Securities	774,691	764,877
Trade and other receivables	1,100	2,695
Loans and advances to members		
Personal Loans	46,851	48,637
Mortgage Loans	2,082,831	2,069,487
Commercial Loans	195,492	195,931
Revolving Credit	29,807	28,643
Other Financial Assets	2,475	2,514
Property, plant and equipment	7,675	7,751
Intangible assets	943	898
Right of use Asset	4,909	4,408
Deferred tax assets	2,811	2,925
	3,149,585	3,128,767
Claims secured by residential mortgage	2,191,571	2,178,201
Other retail	76,370	76,947
Corporate (excluding secured by residential mortgage)	92,437	92,667
	2,360,378	2,347,816

By portfolio:

	Jun 22				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	1,038	8,266	385	-	-
Other retail	1,849	2,887	-	-	432
Corporate	-	-	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
All other	-	-	-	-	-
Total	2,887	11,153	385	-	432
General Reserve for Credit Losses			4,907		



TABLE 4: Credit Risk December Quarter 31 Mar 22
000's Qtr Average
000's

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

Cash and Investment Securities	755,063	731,963
Trade and other receivables	4,290	4,246
Loans and advances to members		
Personal Loans	50,424	52,150
Mortgage Loans	2,056,143	2,040,123
Commercial Loans	196,370	201,451
Revolving Credit	27,479	27,749
Other Financial Assets	2,554	2,554
Property, plant and equipment	7,828	7,491
Intangible assets	852	941
Right of use Asset	3,907	4,069
Deferred tax assets	3,039	3,039
	3,107,948	3,075,776

Claims secured by residential mortgage	0	0
Other retail	2,164,832	2,147,411
Corporate (excluding secured by residential mortgage)	77,524	79,466
	2,242,356	2,226,876

By portfolio:

	Mar 22				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	1,448	5,174	191	-	-
Other retail	1,656	3,105	-	-	328
Corporate	-	-	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
All other	-	-	-	-	-
Total	3,105	8,278	191	-	328

General Reserve for Credit Losses	4,979
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TABLE 5: Securitisation exposures	30 Jun 22 000's	31 Mar 22 000's
Loans Securitised during the quarter	0	112,606
On-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	615,237	615,421
Off-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	598	769
Total	615,836	616,190



TABLE 22: 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 22 of this Prudential Standard include those persons defined as Regional Australia Bank's "executive management team". They include the Chief Executive Officer, Deputy Chief Executive Officer, Company Secretary / Chief Governance & Legal Officer, Chief Risk Officer, Chief Operations Officer, Chief Information Officer, Chief Finance Officer and Chief Product 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 5 occasions during the last financial year. The total remuneration paid to the members of the Corporate Governance Committee in 2021/2022 was \$487,523.48

- 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 22A 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 22A	
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 22A: Total Remuneration rewards of Seniors Managers / Material Risk Takers

Total value of remuneration awards for the current financial year	Unrestricted	Deferred
Fixed remuneration		
- Cash-based	\$3,024,300	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	\$160,958	n/a
Variable remuneration		
- Cash-based	n/a	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	n/a	n/a

