



Prudential Disclosure Document
as at June 2016

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.



TABLE 1	Composition of Capital	as at 30 June 2016	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	674	
2	Retained Earnings	94,482	
3	Accumulated other comprehensive income (and other reserves)	765	
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to mutually owned companies)</i>	-	
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	95,921	(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)	575	
10	Deferred Tax Assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,071	(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)	626	
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	-	
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	1,460	
28	Total regulatory Adjustments to Common Equity Tier 1	4,732	
29	Common Equity Tier 1 Capital (CET1)	91,189	



	as at 30 June 2016	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 phaseout 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)	-
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)	91,189
Tier 2 Capital: Instruments and Provisions		000's
46	Directly issued qualifying Tier 2 instruments	-
47	<i>Directly issued capital instruments subject to phaseout from Tier 2</i>	3,386
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 phaseout</i>	-
50	Provisions	2,835
51	Tier 2 Capital before regulatory adjustments	6,220
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)	6,220



	as at 30 June 2016	Reference to reconciliation
59	Total Capital (TC = T1 + T2)	97,409
60	Total Risk Weighted Assets based on APRA standards	628,587
Capital Ratios and Buffers		
61	Common Equity Tier 1 as a percentage of Risk Weighted Assets	14.51%
62	Tier 1 (as a percentage of Risk Weighted Assets)	14.51%
63	Total Capital (as a percentage of Risk Weighted Assets)	15.50%
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	<i>of which: capital conservation buffer requirement</i>	2.50%
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	0.00%
67	<i>of which: G-SIB buffer requirement</i>	0.00%
68	Common Equity Tier 1 available to meet buffers (as a percentage of Risk Weighted Assets)	7.50%
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)	2,835
77	Cap on inclusion of provisions in Tier 2 under standardised approach	7,857
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 phaseout arrangements (only applicable between 1st Jan 2018 and 1st Jan 2022)		000's
80	<i>Current cap on CET1 instruments subject to phaseout arrangements</i>	7,774
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	-
82	<i>Current cap on AT1 instruments subject to phaseout arrangements</i>	-
83	<i>Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)</i>	-
84	<i>Current cap on T2 instruments subject to phaseout arrangements</i>	3,386
85	<i>Amount excluded from T2 due to cap excess over cap</i>	-



Regulatory Capital Reconciliation
**as at
30-June-2016**

	Balance Sheet per Audited Financial Statements	Adjustments	Balance Sheet Under Regulatory Scope of Consolidation	Reference
	\$'000	\$'000	\$'000	
ASSETS				
Cash and cash equivalents	93,978	-	93,978	
Due from other financial institutions	-	-	-	
Trade and other receivables	8,316	-	8,316	
Loans and advances to members	949,381	-	949,381	
Less: Provision	(2,381)	(302)	(2,683)	(a)
Less: General Reserve for Credit Losses	-	(2,835)	(2,835)	(b)
Financial assets - available-for-sale	625	-	625	
Financial assets - held-to-maturity	118,871	-	118,871	
Property, plant and equipment	6,238	-	6,238	
Intangible assets	553	-	553	
Deferred tax assets	2,071	99	2,170	(c)
Loss reserve loan	1,460	-	1,460	
Total Assets	1,179,112	(3,038)	1,176,074	
LIABILITIES				
Deposits	1,053,280	-	1,053,280	
Trade and other payables	19,153	-	19,153	
Current tax liabilities	591	-	591	
Deferred tax liabilities	-	99	99	(c)
Provisions	3,020	-	3,020	
Lease liabilities	52	-	52	
Subordinated debt	3,979	-	3,979	
Total Liabilities	1,080,075	99	1,080,174	
Net Assets	99,037	(3,137)	95,900	
EQUITY				
Preference shares	-	-	-	
Redeemable member shares	674	-	674	
Reserves	766	-	766	
Retained earnings	89,146	(302)	88,844	(a)
Contributed equity	8,451	-	8,451	
Transfer of General Reserve for Credit Losses	-	(2,835)	(2,835)	(b)
Total Equity	99,037	(3,137)	95,900	



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)	\$3.386 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, redemption 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



TABLE 3: Capital Adequacy	30 Jun 2016	31 Mar 2016
	000's	000's
Capital requirements (in terms of risk weighted assets) for :		
Credit Risk		
Residential Mortgages	319,449	311,540
Other Retail Loans	60,516	55,980
Corporate Loans	99,902	98,113
Funds Deposited with ADI's	42,477	36,555
Government		
Securitisation		
Fixed Assets	6,791	6,902
Other Assets	41,607	49,383
Total Credit Risk	570,741	558,474
Market risk	-	-
Operational risk	57,846	55,848
Total Assessed Risk	628,587	614,322
Common Equity Tier 1	14.51%	14.88%
Tier 1	14.51%	15.90%
Total Capital	15.50%	16.90%



TABLE 4: Credit Risk June Quarter30 Jun 16
000'sQtr Average
000's

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

Cash and cash equivalents	195,423	200,827
Trade and other receivables	26,023	23,274
Loans and advances to members		
Personal Loans	73,357	73,128
Mortgage Loans	760,455	750,859
Commercial Loans	89,915	86,531
Revolving Credit	25,654	25,360
Available for sale investments	626	626
Property, plant and equipment	6,238	6,358
Intangible assets	553	489
Deferred tax assets	2,170	2,101
Loss reserve loan	1,460	1,460
	1,181,874	1,171,013
Claims secured by residential mortgage	797,370	785,602
Other retail	99,011	98,488
Corporate (excluding secured by residential mortgage)	52,999	51,789
	949,381	935,879

By portfolio:

	Jun 16				
	Impaired Facilities	Past Due	Specific Provision	Charges	Write Offs
	\$'000	\$'000	\$'000	\$'000	\$'000
Claims secured by residential mortgage	1,232	3,070	212	0	0
Other retail	2,714	3,582	0	0	214
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	3,946	6,652	212	0	214

The General Reserve for Credit Losses

2,835



TABLE 4: Credit Risk March Quarter31 Mar 16
000'sQtr Average
000's

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

Cash and cash equivalents	206,232	211,093
Trade and other receivables	20,524	15,589
Loans and advances to members		
Personal Loans	72,899	71,361
Mortgage Loans	741,263	729,982
Commercial Loans	83,148	84,777
Revolving Credit	25,066	24,901
Available for sale investments	626	626
Property, plant and equipment	6,478	6,468
Intangible assets	424	364
Deferred tax assets	2,032	2,032
Loss reserve loan	1,460	1,460
	1,160,152	1,148,652
Claims secured by residential mortgage (reflect to the database)	773,833	763,447
Other retail	97,965	96,262
Corporate (excluding secured by residential mortgage)	50,578	51,312
	922,376	911,021

By portfolio:

	Mar 16				
	Impaired	Past	Specific		Write
	Facilities	Due	Provision	Charges	Offs
	\$'000	\$'000	\$'000	\$'000	\$'000
Claims secured by residential mortgage	2,096	2,598	111	0	0
Other retail	2,205	3,941	0	0	131
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	4,300	6,539	111	0	131

The General Reserve for Credit Losses

2,746



TABLE 5: Securitisation exposures	June 000's	March 000's
Loans Securitised during the quarter	0	35,402
On-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	105,705	111,973
Off-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	1,514	1,723
Total	107,219	113,696



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.

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 2015/2016 was \$211,932

- 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	\$2,072,436	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	\$166,998	n/a
Variable remuneration		
- Cash-based	n/a	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	n/a	n/a

