



Prudential Disclosure Document
as at June 2019

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.



TABLE 1 Composition of Capital		as at 30 June 2019	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	120,077	
3	Accumulated other comprehensive income (and other reserves)	2,162	
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	122,239	(c)
	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)	999	
10	Deferred Tax Assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,069	
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)	1,379	
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	1,379	
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	4,447	
29	Common Equity Tier 1 Capital (CET1)	117,792	



	as at 30 June 2019 000's	Reference to reconciliation
Additional Tier 1 Capital: Instruments		
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)	117,792
Tier 2 Capital: Instruments and Provisions		
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	3,401
51	Tier 2 Capital before regulatory adjustments	3,401
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)	3,401



	as at 30 June 2019	Reference to reconciliation
59	Total Capital (TC = T1 + T2)	121,193
60	Total Risk Weighted Assets based on APRA standards	766,067
Capital Ratios and Buffers		
61	Common Equity Tier 1 as a percentage of Risk Weighted Assets	15.38%
62	Tier 1 (as a percentage of Risk Weighted Assets)	15.38%
63	Total Capital (as a percentage of Risk Weighted Assets)	15.82%
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)	7.82%
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)	3,401
77	Cap on inclusion of provisions in Tier 2 under standardised approach	9,576
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-2019			Reference
	Balance Sheet per Audited Financial Statements \$'000	Adjustments \$'000	Balance Sheet Under Regulatory Scope of Consolidation \$'000	
ASSETS				
Cash and cash equivalents	65,748	-	65,748	
Trade and other receivables	2,566	-	2,566	
Loans and advances to members	1,284,786	-	1,284,786	
Less: Provision	(4,042)	819	(3,222)	(a)
Less: General Reserve for Credit Losses	-	(3,401)	(3,401)	(b)
Financial assets - available-for-sale	2,238	-	2,238	
Financial assets - held-to-maturity	157,561	-	157,561	
Property, plant and equipment	5,673	-	5,673	
Intangible assets	999	-	999	
Current Tax Assets	-	-	-	
Deferred tax assets	2,066	-	2,066	
Total Assets	1,517,596	(2,582)	1,515,014	
LIABILITIES				
Deposits	1,372,558	-	1,372,558	
Trade and other payables	16,662	-	16,662	
Current tax liabilities	270	-	270	
Provisions	3,285	-	3,285	
Total Liabilities	1,392,775	-	1,392,775	
Net Assets	124,821	(2,582)	122,239	
EQUITY				
Redeemable member shares	708	-	708	
Reserves	1,454	-	1,454	
Retained earnings	114,208	819	115,028	(a)
Contributed equity	8,451	-	8,451	
Transfer of General Reserve for Credit Losses	-	(3,401)	(3,401)	(b)
Total Equity	124,821	(2,582)	122,239	(c)



TABLE 3: Capital Adequacy	30 Jun 2019 000's	31 Mar 2019 000's
Capital requirements (in terms of risk weighted assets) for :		
Credit Risk		
Residential Mortgages	429,260	414,455
Other Retail Loans	23,211	27,370
Corporate Loans	140,363	125,979
Funds Deposited with ADI's	50,944	61,804
Government Securitisation		
Fixed Assets	6,672	6,361
Other Assets	46,648	45,061
Total Credit Risk	697,099	681,029
Market risk	-	-
Operational risk	68,968	66,335
Total Assessed Risk	766,067	747,364
Common Equity Tier 1	15.38%	15.62%
Tier 1	15.38%	15.62%
Total Capital	15.82%	16.05%



TABLE 4: Credit Risk June Quarter	30 Jun 19 000's	Qtr Average 000's
--	--------------------	----------------------

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

Cash and cash equivalents	223,309	227,844
Trade and other receivables	2,566	17,463
Loans and advances to members		
Personal Loans	68,787	70,346
Mortgage Loans	1,057,488	1,039,713
Commercial Loans	126,445	120,400
Revolving Credit	28,024	27,979
Available for sale investments	2,238	1,808
Property, plant and equipment	5,673	5,647
Intangible assets	999	869
Deferred tax assets	2,066	1,878
	1,517,594	1,513,947
Claims secured by residential mortgage	1,096,836	1,088,330
Other retail	66,827	83,333
Corporate (excluding secured by residential mortgage)	117,081	86,775
	1,280,744	1,258,438

By portfolio:

	Jun 19				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	1,124	2,265	403	0	0
Other retail	2,446	3,379	0	0	1,060
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	3,571	5,644	403	0	1,060

The General Reserve for Credit Losses 3,401



TABLE 4: Credit Risk March Quarter31 Mar 19
000'sQtr Average
000's

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

Cash and cash equivalents	232,380	235,100
Trade and other receivables	32,360	25,420
Loans and advances to members		
Personal Loans	71,904	72,690
Mortgage Loans	1,021,937	1,005,366
Commercial Loans	114,355	114,752
Revolving Credit	27,934	27,456
Available for sale investments	1,379	1,379
Property, plant and equipment	5,621	5,579
Intangible assets	739	789
Deferred tax assets	1,689	1,689
	1,510,300	1,490,219
Claims secured by residential mortgage	1,079,823	1,063,023
Other retail	99,839	100,145
Corporate (excluding secured by residential mortgage)	56,470	57,095
	1,236,131	1,220,264

By portfolio:

	Mar 19				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	1,329	2,115	443	0	0
Other retail	3,257	4,393	0	0	930
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	4,586	6,508	443	0	930

The General Reserve for Credit Losses

3,200



TABLE 5: Securitisation exposures	30 Jun 19 000's	31 Mar 19 000's
Loans Securitised during the quarter	50,906	0
On-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	170,933	138,103
Off-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	779	798
Total	171,712	138,902



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 (Strategy, Innovation & Insight), Deputy Chief Executive Officer (People & Customer), Company Secretary / Chief Governance & Legal Officer, Chief Financial Officer, Chief Risk Officer, Chief Information Officer, Chief Marketing Officer and Chief Customer Relationship 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 3 occasions during the last financial year. The total remuneration paid to the members of the Corporate Governance Committee in 2018/2019 was \$273,999.84.

- 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	\$2,468,983	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	\$163,125	n/a
Variable remuneration		
- Cash-based	n/a	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	n/a	n/a

