



Prudential Disclosure Document
as at June 2020

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 2020	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	169,717	
3	Accumulated other comprehensive income (and other reserves)	4,186	
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	173,903	(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)	2,479	
10	Deferred Tax Assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,366	
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)	1,456	
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	1,456	
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	7,301	
29	Common Equity Tier 1 Capital (CET1)	166,602	



	as at 30 June 2020	Reference to reconciliation
	000's	
Additional Tier 1 Capital: Instruments		
30		-
31		-
32		-
33		-
34		-
35		-
36		-
Additional Tier 1 Capital before regulatory adjustments		
Additional Tier 1 Capital: Regulatory adjustments		
37		-
38		-
39		-
40		-
41		-
41a		-
41b		-
41c		-
42		-
43		-
44		-
45	166,602	
Tier 2 Capital: Instruments and Provisions		
	000's	
46		-
47		-
48		-
49		-
50	4,595	
51	4,595	
Tier 2 Capital: Regulatory Adjustments		
52		-
53		-
54		-
55		-
56		-
56a		-
56b		-
56c		-
57		-
58	4,595	



	as at 30 June 2020	Reference to reconciliation
59	Total Capital (TC = T1 + T2)	171,197
60	Total Risk Weighted Assets based on APRA standards	1,114,055
Capital Ratios and Buffers		
61	Common Equity Tier 1 as a percentage of Risk Weighted Assets	14.95%
62	Tier 1 (as a percentage of Risk Weighted Assets)	14.95%
63	Total Capital (as a percentage of Risk Weighted Assets)	15.37%
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)	7.37%
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)	4,595
77	Cap on inclusion of provisions in Tier 2 under standardised approach	13,926
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-2020			
	Balance Sheet per Audited Financial Statements \$'000	Adjustments \$'000	Balance Sheet Under Regulatory Scope of Consolidation \$'000	Reference
ASSETS				
Cash and cash equivalents	128,887	-	128,887	
Trade and other receivables	3,934	-	3,934	
Loans and advances to members	1,900,303	-	1,900,303	
Less: Provision	(7,108)	4,595	(2,513)	(a)
Less: General Reserve for Credit Losses	-	(4,595)	(4,595)	(b)
Financial assets - available-for-sale	2,329	-	2,329	
Financial assets - held-to-maturity	300,004	-	300,004	
Property, plant and equipment	11,087	-	11,087	
Intangible assets	1,552	-	1,552	
Right of use assets	4,126	-	4,126	
Current tax assets	173	-	173	
Deferred tax assets	3,365	-	3,365	
Total Assets	2,348,652	0	2,348,652	
LIABILITIES				
Deposits	2,146,122	-	2,146,122	
Trade and other payables	20,125	-	20,125	
Current tax liabilities	-	-	-	
Provisions	4,493	-	4,493	
Total Liabilities	2,174,749	-	2,174,749	
Net Assets	173,903	0	173,903	
EQUITY				
Redeemable member shares	1,192	-	1,192	
Reserves	2,989	-	2,989	
Retained earnings	121,724	4,595	126,319	(a)
Contributed equity	47,998	-	47,998	
Transfer of General Reserve for Credit Losses	-	(4,595)	(4,595)	(b)
Total Equity	173,903	0	173,903	(c)



TABLE 3: Capital Adequacy	30 Jun 2020 000's	31 Mar 2020 000's
Capital requirements (in terms of risk weighted assets) for :		
Credit Risk		
Residential Mortgages	642,308	635,819
Other Retail Loans	22,823	21,106
Corporate Loans	188,197	181,364
Funds Deposited with ADI's	59,618	61,238
Government		
Securitisation		
Fixed Assets	12,639	11,832
Other Assets	80,831	67,458
Total Credit Risk	1,006,416	978,817
Market risk	-	-
Operational risk	107,639	106,159
Total Assessed Risk	1,114,055	1,084,976
Common Equity Tier 1	14.95%	15.10%
Tier 1	14.95%	15.10%
Total Capital	15.37%	15.52%



TABLE 4: Credit Risk June Quarter 30 Jun 20
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	428,891	380,283
Trade and other receivables	3,934	20,396
Loans and advances to members		
Personal Loans	70,023	73,959
Mortgage Loans	1,619,910	1,603,807
Commercial Loans	171,343	168,278
Revolving Credit	31,919	32,790
Available for sale investments	2,329	1,892
Property, plant and equipment	11,087	13,239
Intangible assets	1,552	1,179
Right of use assets	4,126	2,063
Current tax assets	173	87
Deferred tax assets	3,365	3,538
	2,348,652	2,301,512
Claims secured by residential mortgage	1,619,910	1,646,302
Other retail	70,023	90,789
Corporate (excluding secured by residential mortgage)	203,262	141,743
	1,893,195	1,878,834

By portfolio:

	Jun 20				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	3,133	7,862	306	0	0
Other retail	4,265	7,397	0	0	590
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	7,397	15,259	306	0	590

The General Reserve for Credit Losses 4,595



TABLE 4: Credit Risk March Quarter31 Mar 20
000'sQtr Average
000's

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

Cash and cash equivalents	331,675	331,580
Trade and other receivables	36,859	46,216
Loans and advances to members		
Personal Loans	77,895	80,202
Mortgage Loans	1,587,704	1,575,291
Commercial Loans	165,214	164,479
Revolving Credit	33,660	33,170
Available for sale investments	1,456	1,456
Property, plant and equipment	15,391	12,919
Intangible assets	806	887
Deferred tax assets	3,712	3,712
	2,254,371	2,249,911
Claims secured by residential mortgage	1,672,695	1,659,698
Other retail	111,555	113,372
Corporate (excluding secured by residential mortgage)	80,223	80,072
	1,864,473	1,853,142

By portfolio:

	Mar 20				
	Impaired Facilities \$'000	Past Due \$'000	Specific Provision \$'000	Charges \$'000	Write Offs \$'000
Claims secured by residential mortgage	2,210	5,062	427	0	0
Other retail	2,510	4,720	0	0	311
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	4,720	9,782	427	0	311

The General Reserve for Credit Losses

4,566



TABLE 5: Securitisation exposures	30 Jun 20 000's	31 Mar 20 000's
Loans Securitised during the quarter	209,438	0
On-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	430,445	227,818
Off-Balance Sheet Securitisation Exposures		
Claims secured by residential mortgage	1,107	1,195
Total	431,552	229,013



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 Legal & Governance Officer, Chief Risk Officer and Chief Operations 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 6 occasions during the last financial year. The total remuneration paid to the members of the Corporate Governance Committee in 2019/2020 was \$382,625.

- 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: - 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	\$2,029,724	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	\$124,146	n/a
Variable remuneration		
- Cash-based	n/a	n/a
- Shares and share-linked instruments	n/a	n/a
- Other	n/a	n/a

