Bank of us.

Bank of us is a trading name of B&E Ltd
ABN 32 087 652 088
AFSL 236870
Australian Credit Licence 236870

APS 330 - Public Disclosure of Prudential Information

as at 30 June 2018

Capital Structure as at 30th June 2018

The capital disclosures detailed in the Common Disclosure Template represents the post 1 January 2018 Basel III common disclosure requirements. B&E Limited is applying the Basel III regulatory adjustments in full as implemented by APRA. The Common Disclosures Template should be read in conjunction with our Regulatory Balance Sheet and Capital Reconciliation.

APRA Row ref	Common Disclosure Template		Reconciliation Table Ref or item no. on Balance Sheet
Common Equity Tier 1 capital: instruments and reserves		**A$m**	
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	-	
2	Retained earnings	1.59	Table A
3	Accumulated other comprehensive income (and other reserves)	66.89	Table A
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**	**68.48**	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
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 the 15% threshold	-	
23	of which: significant investments in 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 and 26j)	0.77	
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 investment in financial institutions not reported in rows 18, 19 and 23	0.10	Table E
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	0.22	Table A
26f	of which: capitalised expenses	0.45	Table A
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	-	
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**	**0.77**	Table A
29	**Common Equity Tier 1 Capital (CET1)**	67.71	
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	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
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 and 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)**	**67.71**	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	Table B
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 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	1.33	Table A
51	**Tier 2 Capital before regulatory adjustments**	**1.33**	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	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, 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 and 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)**	1.33	
59	**Total capital (TC=T1+T2)**	**69.04**	
60	**Total risk-weighted assets based on APRA standards**	**393.86**	
	Capital Ratios and Buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	17.19%	
62	Tier 1 (as a percentage of risk-weighted assets)	17.19%	
63	Total capital (as a percentage of risk-weighted assets)	17.53%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any 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)		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.53%	
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)			
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			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1.33	Table A
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1.33	Table A
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 1 Jan 2018 and 1 Jan 2022)			
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)	-	

Capital Adequacy - 30 June 2018

Capital Requirements for Credit Risk	30 Jun-18 $	31 Mar-18 $
Residential mortgage	282,472,056	267,774,918
Other retail (loans)	22,082,157	21,004,030
Bank (ADI's)	35,789,814	35,612,180
All other	10,075,136	10,276,690
Total	**350,419,163**	**334,667,818**
Capital Requirements for Operational Risk		
Capital requirements for operational risk	43,441,003	42,188,195
Total Capital Requirements (RWA)	**393,860,166**	**376,856,014**
Capital Adequacy Ratio		
Common Equity Tier 1 capital adequacy ratio	17.19%	17.98%
Tier 1 Caital adequacy ratio	17.19%	17.98%
Total Capital adequacy ratio	**17.53%**	**18.34%**

Credit Risk - 30 June 2018

	30-Jun-18		31-Mar-18	
Gross Credit Risk Exposures	Gross Exposure $	Quarterly Avg $	Gross Exposure $	Quarterly Avg $
Loans	700,402,805	666,385,392	666,936,592	648,886,019
Investments	127,890,543	126,621,262	124,606,730	125,007,117
Commitments & off-balance sheet exposures	104,370,254	83,259,201	82,215,859	77,598,148
All other	10,075,136	10,098,960	10,276,690	9,984,265
Total Credit Risk Exposures	**942,738,737**	**886,364,814**	**884,035,871**	**861,475,549**

Credit Risk Exposures by portfolio				
Residential mortgage	782,690,902	728,862,763	728,148,421	706,617,726
Other retail (Loans)	22,082,157	20,781,829	21,004,030	19,866,441
Banks (ADI's)	127,890,543	126,621,262	124,606,730	125,007,117
All other	10,075,136	10,098,960	10,276,690	9,984,265
Total Credit Risk Exposures by Portfolio	**942,738,737**	**886,364,814**	**884,035,871**	**861,475,549**

	30-Jun-18			
Credit Risk Exposures by portfolio	Impaired facilities $	Past Due Facilities $	Specific Provision $	Write-offs $
Residential mortgage	-	181,445	-	-
Other retail (Loans)	37,398	-	24,674	36,372
Banks (ADI's)	-	-	-	-
All other	-	-	-	-
Total Credit Risk Exposures by Portfolio	**37,398**	**181,445**	**24,674**	**36,372**

General Reserve for Credit Losses	$
General Reserve for Credit Losses	**1,333,136**

	31-Mar-18			
Credit Risk Exposures by portfolio	Impaired facilities $	Past Due Facilities $	Specific Provision $	Write-offs $
Residential mortgage	-	28,081	-	-
Other retail (Loans)	66,745	-	58,539	10,831
Banks (ADI's)	-	-	-	-
All other	-	-	-	-
Total Credit Risk Exposures by Portfolio	**66,745**	**28,081**	**58,539**	**10,831**

General Reserve for Credit Losses	$
General Reserve for Credit Losses	**1,333,136**

Regulatory Capital Reconciliation as at 30th June 2018

Row Ref	Balance Sheet	2018 A$m	Common Disclosure Reference
	ASSETS		
1	Cash	54.90	
2	Trade receivables	0.53	
3	Placements with other financial institutions	74.03	
4	Loans to clients	700.37	see Table D
5	Other investments	0.10	see Table E
6	Prepayments	0.47	
7	Property, plant & equipment	6.44	
8	Investment property	2.95	
9	Deferred tax	0.56	see Table C
10	Intangible assets	0.45	see Table A
	TOTAL ASSETS	**840.78**	
	LIABILITIES		
11	Deposits from other financial institutions	117.61	
12	Deposits from members	645.82	
13	Trade and other payables	5.77	
14	Employee benefits	1.43	
15	Current tax liabilities	0.01	
16	Deferred tax liabilities	0.34	see Table C
17	Long term borrowings	0.00	see Table B
	TOTAL LIABILITIES	**770.97**	
	NET ASSETS	**69.81**	
	EQUITY		
18	Reserves	69.81	see Table A
	TOTAL EQUITY	**69.81**	

Reconciliation between Common Disclosures template and Balance Sheet

Table A: Reserves	**2018 A$m**	**Common Disclosure Reference**
Retained earnings	1.59	Row 2
Reserves	66.89	Row 3
General reserve for credit losses	1.33	Row 50
Total Equity per Balance Sheet	**69.81**	
Less: General reserve for credit losses (Tier 2 capital)	-1.33	
Total Common Equity Tier 1	**68.48**	
Less: prescribed deductions:		
Net deferred tax assets	0.22	Row 26e
Capitalised Expenses	0.45	Row 26f
Equity investments in other ADI's	0.10	Row 26d
Total Prescribed deductions	**0.77**	
Net Tier 1 Capital	**67.71**	
Add: Tier 2 Capital		
Subordinated debt	0.00	Row 47
General reserve for credit losses	1.33	Row 50
Total Tier 2 Capital	**1.33**	
Total Capital	**69.04**	

Table B: Subordinated Debt	**2018 A$m**	**Common Disclosure Reference**
Borrowings per Balance Sheet	0.00	
Less: regulatory amortisation (Basel III transitional)	0.00	
Total Subordinated Debt (included in Tier 2 Capital)	**0.00**	Row 47

Table C: Deferred Tax assets	**2018 A$m**	**Common Disclosure Reference**
Future income tax benefit per balance sheet	0.56	
Deferred tax liability per balance sheet	0.34	
Total Deferred Tax Assets (Tier 1 Adjustments)	**0.22**	Row 26e

Table D: Loans & Advances - Deferred Loan Fees	**2018 A$m**	**Common Disclosure Reference**
Loans & Advances before prov for impairment	700.40	
Less: Provision for impairment	-0.04	
Total Loans & Advances per balance sheet	**700.37**	

Table E: Equity investments	**2018 A$m**	**Common Disclosure Reference**
Regulatory adjustment - commercial entities	0.10	Row 26d
Less: Loan provided to equity investment	0.00	
Total equity Investment per balance sheet	**0.10**	

Remuneration Disclosures in accordance with requirements of Attachment G of Prudential Standard *APS 330 - Public Disclosure*

Qualitative Disclosures

a. The Board Remuneration Committee (the Committee) is responsible for overseeing remuneration of senior managers. The Committee is composed of the Board Chairman and not less than two other non-executive directors, appointed by the Board at its first meeting each year after the Annual General Meeting.

The Committee's purpose is to assist the Board to fulfil its corporate governance responsibilities in regard to:

- Board and Board Committee remuneration;
- Selection, appointment and succession planning of the Chief Executive Officer (CEO);
- Annual reviews of the performance of the full Board, its committees, individual Directors and CEO; and
- Carrying out the responsibilities outlined in the Board Charter.

We utilise the services of an external consultant on a triennial basis to provide ADI remuneration benchmarking advice and Board and Executive benchmarking services. In the past these services have been provided by McGuirk Management Consultants Pty Ltd and Hewitt Associates Pty Ltd respectively. These services were last provided for the financial year ended 30 June 2016 with the next review period being for the financial year ended 30 June 2019.

We do not employ any 'material risk takers' as defined in APS 330 Prudential Disclosure.

The Board regards the following positions as senior managers whose activities may affect our financial soundness:

	Number employed
Chief Executive Officer	1
Chief Financial Officer	1
Chief Projects Officer	1
Chief Customer and People Officer	1
Chief Risk Officer	1
Total senior managers	**5**

b. Our objectives with respect to remuneration are:

- To be compliant with APS 510;
- To be consistent with our values and culture;
- To utilise, when and where appropriate, an annual performance incentive which is reflective of the employee's contribution to our overall performance;
- In relation to variable or performance-based components of remuneration, to encourage behaviour that supports our long-term financial soundness and risk management framework;
- To promote longer term performance objectives and financial soundness resulting in successful organisational performance;
- To motivate persons to manage and lead the business successfully and to drive strong long-term organisational growth in line with strategy, business objectives and the management of risk;
- To ensure that there is transparency and fairness in remuneration policy and practices;

- To deliver a balanced solution to remuneration by addressing all elements of total pay – base pay, incentive pay and other benefits;
- To ensure appropriate superannuation arrangements are in place;
- To have appropriate retention strategies in place and strategies to attract new employees and;
- To support and seek adherence to our risk management framework.

Employees whose primary role is risk management are remunerated primarily with fixed remuneration; any eligibility for a performance based component is evaluated independently to ensure that reporting obligations are not compromised by financial incentives.

The Board Remuneration Committee meets at least annually or, as required. Activities undertaken during the past year include:

- Review for compliance with CPS 510
- Remuneration Policy and procedures were reviewed, minor changes made.

c. We recognise that offering competitive remuneration is integral to being able to recruit and retain skilled employees which is the key risk to be taken into account. Accordingly, our Remuneration Policy has been designed to ensure that quality employees are employed, retained and appropriately remunerated based on the responsibilities of their role as well as their experience.

Key measures used to achieve the above include:

- External benchmarking surveys to ensure remuneration levels are appropriate;
- Annual employee appraisals to review performance against pre-specified objectives and ensure that key requirements of roles are being met; and
- Provision of training and development opportunities identified in the employee appraisal process

During the year ended 30 June 2018, the variable salary-at-risk component was subject to annual assessment.

There have not been any significant changes to the nature and type of performance measures over the year ended 30 June 2018.

d. Our remuneration comprises of the following:

<u>Fixed component</u>
Consisting of salary and wages, FBT benefits, leave entitlements, employer superannuation contributions and other non-cash benefits.

<u>Variable component</u>
An annual bonus is offered to all staff, including senior managers, to recognise the contribution staff make to the business results. Payment of the bonus is made upon the achievement of both corporate performance metrics as well as individual performance as assessed via the appraisal process.

The total bonus available varies dependent on Company performance against the Board approved Strategic Plans and Business Plans (1 year and 3 years), which identifies the Key Performance Indicators.

Non-executive directors do not receive any variable or performance based remuneration.

e. There is currently no mechanism for us to reward longer-term performance.

The Board Remuneration Committee, in consultation with the CEO, determines the remuneration of senior managers based on their performance, direct accountability and responsibility for the operational risk management, strategic direction, leadership and decision-making.

The Board of Directors determines the remuneration (both fixed and variable) for the CEO. Payment of the variable salary-at-risk component is contingent upon the attainment of agreed performance measures determined by the Board. Poor performance on key performance indicators may result in reductions to, or elimination of, any performance-based remuneration.

There is no deferred remuneration provided to managers other than the employee statutory entitlements.

f. During the year ended 30 June 2018, the variable salary-at-risk component was offered as cash.

Quantitative disclosures

g. The Board Remuneration Committee met 4 times during the year ended 30 June 2018. Members of the Board Remuneration Committee do not receive additional remuneration for their involvement with the committee.

h. Five senior managers received variable remuneration during the financial year.
No guaranteed bonuses were awarded during financial year.
No sign on awards were awarded during the financial year.
No termination payments were awarded during the financial year.

i. There is no outstanding deferred remuneration and no deferred remuneration was paid out during the financial year.

j. Total value of remuneration awards for senior managers

	June 2018		June 2017	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration				
Cash-based	1,264,336	Nil	1,007,376	Nil
Shares and Share linked instruments	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil
Variable remuneration				
Cash-based	41,199	Nil	48,051	Nil
Shares and Share linked instruments	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil

k. Not applicable