







Regulatory Disclosures

The information in this report is prepared based on the Police Bank’s financial records. The financial records are not audited for the Quarters ended 30 September, 31 December, and 31 March.

The report as at the 30 June is based on the financial statements as audited as at the 30 June.

[Click here to view previous Prudential Disclosures.](#)

For Consolidated Groups

The consolidated group comprises the Police Bank Ltd as well as the following entities

a. Included in the scope of regulatory and accounting scope

PTCL ATF PCU 2009-1 Trust – this trust not de-recognised for accounting reporting

Chelsea Wealth Management Pty – this company is not a material component of the group

ENTITY	TOTAL ASSETS \$M	TOTAL LIABILITIES \$M	PRINCIPAL ACTIVITY
PTCL ATF PCU 2009-1 Trust	565.3	532.0	Repo Trust
Chelsea Wealth Management Pty	5.6	0.8	Financial Planning

There are no restrictions on transfer of funds or regulatory capital.

Capital Base

The details of the components of the capital base are set out below as at the financial year ended 30 June 2022. These amounts coincide with the audited accounts.

The following table sets out the elements of the capital held by the Police Bank Ltd including the reconciliation of any adjustments required by the APRA Prudential Standards to the audited financial statements. Adjustments are usually in the form of deductions of assets not regarded as recoverable in the short term (such as intangible assets and deferred tax assets), and or discounts made to eligible capital of a short term nature.

All regulatory capital elements are consistent with the audited financial statements as at the last reporting date.

	COMMON EQUITY TIER 1 CAPITAL : INSTRUMENTS AND RESERVES	30TH JUNE 2022
		\$M
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	0.5
2	Retained earnings	153.9
3	Accumulated other comprehensive income (and other reserves)	59.9
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	0.0
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.0
6	Common Equity Tier 1 capital before regulatory adjustments on Equity Tier 1 capital : regulatory adjustments	214.3
7	Prudential valuation adjustments	0.0
8	Goodwill (net of related tax liability)	0.0
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)	0.0
11	Cash-flow hedge reserve	0.0
12	Shortfall of provisions to expected losses	0.0
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	0.0
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.0
15	Defined benefit superannuation fund net assets	0.0
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.0
17	Reciprocal cross-holdings in common equity	0.0
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	0.9

	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)	0.0
20	Mortgage service rights (amount above 10% threshold)	0.0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.4
22	Amount exceeding the 15% threshold	0.0
23	of which: significant investments in the ordinary shares of financial entities	0.0
24	of which: mortgage servicing rights	0.0
25	of which: deferred tax assets arising from temporary differences	0.0
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j) [Show deductions as Positive and additions as negative]	9.7
26a	of which: treasury shares	0.0
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	0.0
26c	of which: deferred fee income	0.0
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	0.0
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	0.0
26f	of which: capitalised expenses	0.0
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA rules	9.7
26h	of which: covered bonds in excess of asset cover in pools	0.0
26i	of which: undercapitalisation of a non-consolidated subsidiary	0.0
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	0.0
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.0

28	Total regulatory adjustments to Common Equity Tier 1	10.5
29	Common Equity Tier 1 Capital (CET1)	203.8
	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)	0.0
35	of which: instruments issued by subsidiaries subject to phase out	0.0
36	Additional Tier 1 Capital before regulatory adjustments	0.0
	Additional Tier 1 Capital: regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	0.0
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.0
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)	0.0
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)	0.0
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c) [Show deductions as Positive and additions as negative]	0.0
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	0.0
44	Additional Tier 1 capital (AT1)	0.0
45	Tier 1 Capital (T1=CET1+AT1)	203.8
	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	
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)	0.0
49	of which: instruments issued by subsidiaries subject to phase out	0.0
50	Provisions	0.0
51	Tier 2 Capital before regulatory adjustments	0.0
	Tier 2 Capital: regulatory adjustments [Show deductions as Positive and additions as negative]	
52	Investments in own Tier 2 instruments	0.0
53	Reciprocal cross-holdings in Tier 2 instruments	0.0
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)	0.0
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	0.0
56	National specific regulatory adjustments	0.0
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	0.0
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	0.0

56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	0.0
57	Total regulatory adjustments to Tier 2 capital	0.0
58	Tier 2 capital (T2)	0.0
59	Total capital (TC=T1+T2)	203.8
60	Total risk-weighted assets based on APRA standards	1095.8
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	18.59%
62	Tier 1 (as a percentage of risk-weighted assets)	18.59%
63	Total capital (as a percentage of risk-weighted assets)	18.59%
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%
65	of which: capital conservation buffer requirement	2.50%
66	of which: ADI-specific countercyclical buffer requirements	N/A
67	of which: G-SIB buffer requirement	N/A
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	10.59%
	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	0.0
73	Significant investments in the ordinary shares of financial entities	0.0
74	Mortgage servicing rights (net of related tax liability)	0.0

75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.0
	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)	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1.5
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0.0
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0.0
	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	0.0
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	0.0
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 INSTRUMENTS WITHIN THE ADI

The regulatory capital in the bank comprises is limited to

Retained earnings

General reserve for Credit Losses

Asset revaluation reserves

There are no capital instruments (shares, debt instruments) issued by the ADI.

Disclosure template for main features of Regulatory Capital instruments

		TIER 1	TIER 2
1	Issuer	Not applicable	
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	
3	Governing law(s) of the instrument	Not applicable	
Regulatory treatment			
4	Transitional Basel III rules	Not applicable	
5	Post-transitional Basel III rules	Not applicable	
6	Eligible at solo/group/group & solo	Not applicable	
7	Instrument type (ordinary shares/preference shares/subordinated notes/other)	Not applicable	
8	Amount recognised in Regulatory Capital (Currency in mil, as of most recent reporting date)	Not applicable	
9	Par value of instrument	Not applicable	
10	Accounting classification	Not applicable	
11	Original date of issuance	Not applicable	
12	Perpetual or dated	Not applicable	
13	Original maturity date	Not applicable	
14	Issuer call subject to prior supervisory approval	Not applicable	

15	Optional call date, contingent call dates and redemption amount	Not applicable	
16	Subsequent call dates, if applicable	Not applicable	
Coupons/dividends			
17	Fixed or floating dividend/coupon	Not applicable	
18	Coupon rate and any related index	Not applicable	
19	Existence of a dividend stopper	Not applicable	
20	Fully discretionary, partially discretionary or mandatory	Not applicable	
21	Existence of step up or other incentive to redeem	Not applicable	
22	Noncumulative or cumulative	Not applicable	
23	Convertible or non-convertible	Not applicable	
24	If convertible, conversion trigger (s)	Not applicable	
25	If convertible, fully or partially	Not applicable	
26	If convertible, conversion rate	Not applicable	
27	If convertible, mandatory or optional conversion	Not applicable	
28	If convertible, specify instrument type convertible into	Not applicable	
29	If convertible, specify issuer of instrument it converts into	Not applicable	

30	Write-down feature	Not applicable	
31	If write-down, write-down trigger(s)	Not applicable	

CAPITAL REQUIREMENTS

Capital requirements of Police Bank Ltd is determined by the risk weights of the relevant assets held with the minimum required capital to over 8% of the risk weighted assets. Police Bank maintains a capital policy level of a Minimum 14.5%. The current level of capital is 18.22%.

The risk weighted assets for each asset grouping as set out in the table below is determined by the APRA Prudential Standards APS 112. These are prescribed risk weights to measure the level of risk of based on the nature and level of security supporting the assets recovery.

The risk weighted assets held is as follows

	Risk weighted value 31 December 22 \$m Unaudited	Risk weighted value 30 September 22 \$m Unaudited
Cash Items	0.0	0.0
Funds on Deposit in highly rated ADI's	66.3	50.4
Funds on Deposit in less highly rated ADI's	103.7	100.3
Residential Mortgages up to 80% LVR	589.1	568.0
Residential Mortgages over 80% LVR	77.1	83.1
Other Loans and Assets	96.3	96.5
Fixed Assets	18.3	16.9
Total Credit Risk Assets	950.8	915.2
Off-Balance Sheet assets	49.9	56.9
Operational Risk assets	130.5	125.6

Total risk weighted assets	1131.2	1097.7
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The capital required is as follows:

	31 December 2022 Unaudited \$m	30 September 2022 Unaudited \$m
Deposits at Banks and other ADI's	13.6	12.1
Loans – Residential Mortgages	53.3	52.1
Other Assets and Claims	7.7	7.7
Fixed Assets	1.5	1.4
Off Balance Sheet Items	4.0	4.5
Capital requirements for Credit Risk (8%RWA)	80.1	77.8
Capital requirements for Market Risk	–	–
Capital requirements for Operational Risk (8% RWA)	10.4	10.0
Total Capital Required (8%RWA)	90.5	87.8
Capital held by the Police Bank	206.1	208.0

CAPITAL HELD

The capital held by Police Bank Ltd exceeds the policy and minimum capital prescribed by the APRA Prudential standards. This excess facilitates future growth.

The capital ratio is the amount of capital described in the Capital Base table divided by the risk weighted assets

Common Equity Tier 1	18.22%	18.21%
Tier 1	18.22%	18.21%
Total Capital Ratio	18.22%	18.21%

The level of capital ratio can be affected by growth in asset relative to growth in reserves and by changes in the mix of assets.

CREDIT RISK EXPOSURES

Surplus cash not invested in loans to members are held in high quality liquid assets. This included the funds required to be held to meet withdrawal of deposits by members of Police Bank.

Police Bank uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA prudential Guidance APG112. The credit quality assessment scale within this standard has been complied with.

The exposure values associated with each credit quality step are as follows:

	31 December 2022 \$m Unaudited	30 September 2022 \$m Unaudited	Average Exposure
Cuscal	43.0	35.7	39.4
Major Banks	258.6	195.8	227.2
Other Rated ADIS	208.2	186.0	197.1
Unrated Institutions	55.0	44.0	49.5
	564.8	461.5	513.2

(ii) Loans

The classes of loans entered into by Police Bank is limited to loans; commitments and other non-market off-balance sheet exposures.

The analysis of the Police Bank's loans by class, is as follows:

31 December 2022				
Loans to	Amount Outstanding	Commitments, Redraws & Overdraft Facilities Undrawn	Undrawn Value	Average Exposure
Mortgage Secured Loans	1882.0	205.1	9.5	1856.1
Personal Loans	63.3	0.3	0	61.9
Overdrafts and Credit Cards	17.4	57.1	47.6	19.3
Corporate	0.6	0	-	0
Total to Member	1963.3	262.5	57.1	1937.3
30 September 2022				
Loans to	Amount Outstanding	Commitments, Redraws & Overdraft Facilities Undrawn	Undrawn Value	Average Exposure
Mortgage Secured Loans	1830.1	224.5	9.8	1805.8
Personal Loans	63.3	0.2	0	64.5
Overdrafts and Credit Cards	18.4	59.6	49.8	18.8
Corporate	0.6	0.0	-	0
Total to Member	1912.4	284.3	59.6	1889.2

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IMPAIRMENT DETAILS

The level of impaired loans by class of loan is set out below. In the Note below.

Carrying Value is the amount of the balance sheet gross of provision (net of deferred fees)

Past due loans is the 'on balance sheet' loan balances which are behind in repayments past due 90 days or more but not impaired

Impaired loans value is the 'on balance sheet' loan balances which are behind in repayments past due by 30 days or more

Provision for impairment is the amount of the impairment provision allocated to the class of impaired loans

The losses in the period equate to the additional provisions set aside for impaired loans, and bad debts written off in excess of previous provision allowances.

The impaired loans are generally not secured against residential property. Some impaired loans are secured by bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value all collateral as at the balance date due to the variety of assets and condition

The analysis of Police Bank loans is as follows:

As at 31 December 2022

	Impaired Loan Balance \$m	Past Due Loan Balances \$m	Collective Provision for Impairment \$m	Bad Debts Written Off \$m
Mortgage Secured Loans	4.7	2.1	5.2	0.0
Personal Loans	1.0	0.4	0.4	0.0
Total to Members	7.7	2.5	5.6	0.0

As at 30 September 2022

	Impaired Loan Balance \$m	Past Due Loan Balances \$m	Collective Provision for Impairment \$m	Bad Debts Written Off \$m
Mortgage Secured Loans	2.3	4.1	0.0	0.0
Personal Loans	1.0	0.2	0.4	0.0
Total to Members	3.3	4.3	0.4	0.0

General Reserve for Credit Losses

In addition to the above provision for impairment, the board has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties in the future. The reserve is based on estimation of potential risk in the loan portfolio based upon the level of security taken as collateral.

The reserve has been determined on the basis of the past experience with the loan delinquency and amounts written off. The amounts of the reserve is currently \$5,629,429(Previous Quarter was \$5,095,011).

The value of the reserve is amended to reflect the changes in economic conditions, and the relevant concentrations in specific regions and industries of employment within the loan book.

SECURITISATION ARRANGEMENTS

The Police Bank Ltd has entered into arrangements for securitised loans to support its liquidity requirements from time to time. The table below states the current value of securitised loans managed by Police Bank and the amount securitised.

December 2022	Current qtr, by type of securitisation	Securitized Loans On-balance sheet exposure retained or purchased	Securitized Loans Off-balance sheet exposures
		Aggregate amount	Aggregate amount
	\$M	\$M	\$M
Mortgage loans	-	-	-
Total	-	-	-

The recognised gain or loss on securitised arrangements entered into in the past quarter is \$ Nil

Previous Quarter	Loans Securitised in Current qtr, by type of securitisation	Securitized Loans On-balance sheet exposure retained or purchased	Securitized Loans Off-balance sheet exposures
		Aggregate amount	Aggregate amount
	\$M	\$M	\$M
Mortgage loans	-	-	0.0
Total	-	-	0.0

Previous Prudential Disclosures

Prudential Disclosure 30 June 2022

Prudential Disclosure 31 March 2022

Prudential Disclosure 31 December 2021

Prudential Disclosure 30 September 2021

Prudential Disclosure 30 June 2021

Prudential Disclosure 31 March 2021

Prudential Disclosure 31 December 2020

Prudential Disclosure 30 September 2020

Prudential Disclosure 30 June 2020

Prudential Disclosure 31 March 2020

Prudential Disclosure 31 December 2019

 Remuneration Disclosures 2022

 Remuneration Disclosures 2021

 Remuneration Disclosures 2020

 Remuneration Disclosures 2019

 Remuneration Disclosures 2018
