

Prudential Information Disclosure as at 31 December 2022

Capital Adequacy

Bank First is regulated by the Australian Prudential Regulation Authority (APRA). APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions and building societies (authorised deposit-taking institutions), general insurance and reinsurance companies, life insurance, friendly societies, and most members of the superannuation industry. All authorised deposit-taking institutions (ADIs) are required to hold sufficient capital to cover unanticipated losses.

As set out in Prudential Standard APS 110 Capital Adequacy:

“Capital is the cornerstone of an ADI’s financial strength. It supports an ADI’s operations by providing a buffer to absorb unanticipated losses from its activities and, in the event of problems, enables the ADI to continue to operate in a sound and viable manner while the problems are addressed or resolved. The Board of directors (Board) of an ADI has a duty to ensure that the ADI maintains an appropriate level and quality of capital commensurate with the level and extent of risks to which the ADI is exposed from its activities”.

APRA Prudential Standard APS 330 Public Disclosure requires all ADIs including Bank First to display on its web site information on its capital position. These disclosures show the assets of the Bank, their appropriate risk weightings and the capital base. Capital adequacy is calculated as total regulatory capital base divided by risk weighted assets.

Public Disclosures of Prudential Information

Victoria Teachers Limited (ABN: 44 087 651 769), trading as Bank First, is the head corporate entity of the consolidated group to which this disclosed information applies. The consolidated group includes the parent entity Victoria Teachers Limited, the subsidiary company VTMB Properties Pty Ltd and securitisation entity Victoria Teachers Trust Series 2012-1.

Capital Adequacy

Capital Adequacy as at 31 December 2022	\$000s
Total Risk Weighted Exposures	1,661,002
○ Credit Risk	1,471,744
○ Operational Risk	189,258
Capital Structure	
○ Common Equity Tier 1	246,007
○ Tier 1 Capital	246,007
○ Total Capital Base	253,914
Capital Adequacy Ratio	
Common Equity Tier 1 Ratio	14.81%
Tier 1 Capital Ratio	14.81%
Total Capital Ratio	15.29%
Total Regulatory Capital Holdings	253,914
Internal Minimum Capital Target*	174,405
Regulatory Capital Holdings in excess of Board Minimum	79,508

*Bank First's Internal Minimum Capital Target was reset during the December quarter

Capital Adequacy as at 30 September 2022	\$000s
Total Risk Weighted Exposures	1,594,800
○ Credit Risk	1,411,562
○ Operational Risk	183,237
Capital Structure	
○ Common Equity Tier 1	245,046
○ Tier 1 Capital	245,046
○ Total Capital Base	252,984
Capital Adequacy Ratio	
Common Equity Tier 1 Ratio	15.37%
Tier 1 Capital Ratio	15.37%
Total Capital Ratio	15.86%
Total Regulatory Capital Holdings	252,984
Internal Minimum Capital Target	199,350
Regulatory Capital Holdings in excess of Board Minimum	53,635

Credit Risk Exposures as at 31 December 2022

\$000s	Gross Exposures	Quarterly Average Gross Exposures	Risk Weighted Assets	Non-performing	>30 days Past Due	Specific Provision ⁽¹⁾	Charge for specific provisions and write-offs for the quarter
Secured loans and advances	2,575,538	2,519,330	943,430	8,918	2,073	289	357
Unsecured loans and advances	37,322	37,580	36,370	186	420	254	41
Total loans and advances	2,612,859	2,556,910	979,800	9,103	2,493	543	398
Notes and coins	429	463	-	-	-	-	-
Investments and bank balances with ADIs	762,426	818,238	299,792	-	-	-	-
Other assets	48,422	48,137	48,422	-	-	-	-
Total on-balance sheet credit risk	3,424,136	3,423,748	1,328,014	-	-	-	-
Non-market related off-balance sheet credit risk ⁽²⁾	395,670	342,331	143,281	-	-	-	-
Market related off-balance sheet credit risk ⁽³⁾	2,246	2,153	449	-	-	-	-
Total	3,822,052	3,768,232	1,471,744	9,103	2,493	543	398

	\$000s
General Reserve Credit Losses ⁽⁴⁾	7,906
Off-balance sheet securitised home loans	Nil
On-balance sheet securitised home loans	700,915
On-balance sheet securitised exposures gain/(loss) on sale	Nil

⁽¹⁾ Includes Stages 2 and 3 Provisioning.

⁽²⁾ Represents the credit equivalent exposure of total non-market related off-balance sheet commitments.

⁽³⁾ Represents the credit equivalent exposure of total market related off-balance sheet commitments.

⁽⁴⁾ General Reserve Credit Losses includes Stage 1 Collective Provisioning.

Credit Risk Exposures as at 30 September 2022

\$000s	Gross Exposures	Quarterly Average Gross Exposures	Risk Weighted Assets	Non-performing	>30 days Past Due	Specific Provision ⁽¹⁾	Charge for specific provisions and write-offs for the quarter
Secured loans and advances	2,436,458	2,445,905	887,694	3,602	3,359	289	24
Unsecured loans and advances	37,694	37,955	37,440	146	378	254	(68)
Total loans and advances	2,474,152	2,483,860	925,134	3,747	3,738	543	(44)
Notes and coins	381	371	-				
Investments and bank balances with ADIs	866,059	849,621	341,518	-	-	-	-
Other assets	47,645	46,161	46,359	-	-	-	-
Total on-balance sheet credit risk	3,388,237	3,380,013	1,313,011	-	-	-	-
Non-market related off-balance sheet credit risk ⁽²⁾	270,055	258,799	98,155	-	-	-	-
Market related off-balance sheet credit risk ⁽³⁾	1,981	1,648	396	-	-	-	-
Total	3,660,273	3,640,460	1,411,562	3,747	3,738	543	(44)

	\$000s
General Reserve Credit Losses ⁽⁴⁾	7,938
Off-balance sheet securitised home loans	Nil
On-balance sheet securitised home loans	704,746
On-balance sheet securitised exposures gain/(loss) on sale	Nil

⁽¹⁾ Includes Stages 2 and 3 Provisioning.

⁽²⁾ Represents the credit equivalent exposure of total non-market related off-balance sheet commitments.

⁽³⁾ Represents the credit equivalent exposure of total market related off-balance sheet commitments.

⁽⁴⁾ General Reserve Credit Losses includes Stage 1 Collective Provisioning.