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20 August 2021

[REDACTED]
[REDACTED]
Australian Prudential Regulation Authority
GPO Box 9836
Brisbane QLD 4001

Via email: [REDACTED]
[REDACTED]

Dear [REDACTED]

Zero and Negative Interest Rates

On 12 March 2021, Regional Australia Bank wrote to APRA confirming that the bank believes any potential implication of a zero and/or negative interest rate risk can, and will, be adequately managed.

Regional Australia Bank is a user of the Ultradata core banking system (Ultracs). Ultradata has advised Regional Australia Bank that any changes to Ultracs to accommodate zero and / or negative interest rates would require a staged approach with priority given to savings and investment products first, prior to work commencing on allowing loans to be originated and operated with a zero and / or negative interest rate.

Regional Australia Bank has developed a solutions roadmap to ensure that the bank is able to implement any zero and / or negative interest rates by 30 April 2022.

For deposit, investment and respective lending products, the General Purpose Fees (GP Fees) functionality of Ultracs has the capability to derive an outcome that is the same as a negative interest rate.

Regional Australia Bank's solutions roadmap will include, but not be limited to, the following:

- identification of the impact on, and the requirements of, systems to support zero and / or negative interest rates, including the reliance of systems to monitor fee performance and treasury modelling;
- identifying the financial and non-financial risks that could have a material impact on Regional Australia Bank and its depositors and / or borrowers;
- development of product communications for customers, and any necessary disclosure document changes to products terms and conditions, features, and fees, including updates to the Target Market Determinations (TMD's) under the Design and Distribution Obligations;
- testing to demonstrate the bank's operational preparedness for zero and / or negative interest rates; and
- reporting of the operational preparedness to the Chief Executive Officer and the Board.

Any questions regarding this document, please do not hesitate to contact [REDACTED]
[REDACTED]

Yours sincerely

[REDACTED]
David Heine
Chief Executive Officer